11/3/85
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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

OCTOBER 1985

SEPTEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Sep. 1985	8.1
Aug. 1985	8.5
Sep. 1984	8.8
U.S.	
Sep. 1985	7.1
Aug. 1985	7.0
Sep. 1984	7.4

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Sep. 1985	108.9
Aug. 1985	109.4
July 1985	108.8
June 1985	108.7
May 1985	109.2

DIFFUSION INDEX

Oregon	
Sep. 1985	47.3
Aug. 1985	45.7
July 1985	45.3
June 1985	45.7
May 1985	50.4

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Aug. 1985	38.8
July 1985	37.1
Aug. 1984	38.9

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Sep. 1985	314.9
Yearly Change	+ 4.1%
U.S.	
Sep. 1985	324.5
Yearly Change	+ 3.2
Portland Hotline	221-4132

WELL, HERE WE GO AGAIN

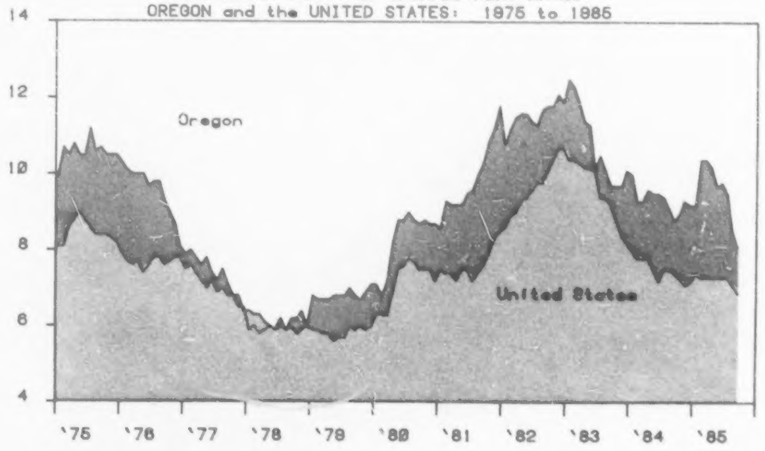
Mike Staten

Oregon's seasonally adjusted unemployment rate surprised almost everyone by continuing its decline into September, for the third consecutive month. The last time the State experienced such a phenomena was June through September 1984 and prior to that, January through June 1983.

The national economy showed little change in September. The seasonally adjusted unemployment rate, however, did move up for the first time in eight months from 7.0% to 7.1%, following a 0.3% drop in August. Since September 1984, the nation's unemployment rate has hovered between 7.0% and 7.4%, holding at 7.3% for six months until August of this year. During this same 13 month period, Oregon's seasonally adjusted unemployment rate moved from 8.8% in September 1984 up to 10.4% in February and March 1985 and now rests at 8.1%.

While the seasonally adjusted unemployment rate has declined over the past three months, other key economic indicators which the Employment Division tracks have not made notable improvements. The Oregon diffusion index, a leading indicator of shifts in the economic cycle, has remained below 50.0 since June. This does nothing to encourage an optimistic outlook regarding the future of Oregon's economy over the next few months. It does, however, lend credence to the concern expressed in the June 1985 issue of Labor Trends about possible further setbacks during the

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES: 1975 to 1985



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	SEPT. 1985 1/	AUG. 1985 2/	CHANGE	% CHANGE	SEPT. 1984 5/
CIVILIAN LABOR FORCE 3/	1,331,500	1,333,200	- 1,700	- 0.1	1,333,200
UNEMPLOYMENT	93,400	103,300	- 9,900	- 9.6	102,900
PERCENT OF LABOR FORCE	7.0	7.7	XXX	XXX	7.7
SEASONALLY ADJUSTED PERCENT	8.1	8.5	XXX	XXX	8.8
TOTAL EMPLOYMENT 4/	1,238,100	1,229,900	8,200	0.7	1,230,300

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	SEPT. 1985 1/	AUG. 1985 2/	SEPT. 1984	AUG. 1985	SEPT. 1984
TOTAL 3/	1,038,500	1,028,900	1,024,900	9,600	13,600
WAGE & SALARY EMPLOYMENT INDEX 4/	108.9	109.4	107.5	XXX	XXX
DIFFUSION INDEX 5/	47.3	45.7	52.4	XXX	XXX
TOTAL MANUFACTURING	206,100	208,100	209,200	- 2,000	- 3,100
DURABLE GOODS	146,400	146,800	150,700	- 400	- 4,300
LUMBER & WOOD PRODUCTS	66,100	66,800	69,000	- 700	- 2,900
LOGGING & SAWMILLS	35,300	35,700	37,400	- 400	- 2,100
VENEER & PLYWOOD	16,300	16,400	17,400	- 100	- 1,100
MILLWORK & STRUCTURAL WOOD	8,900	9,100	8,400	- 200	500
MOBILE HOMES	1,500	1,500	1,700	0	- 200
OTHER WOOD PRODUCTS	4,100	4,100	4,100	0	0
FURNITURE AND FIXTURES	2,700	2,500	2,700	200	0
STONE, CLAY, GLASS & CONCRETE	2,700	2,700	2,800	0	- 100
PRIMARY METALS	9,000	8,800	9,400	200	- 400
BLAST FURNACES, IRON & STEEL	5,700	5,600	5,500	100	200
NONFERROUS METALS	3,300	3,200	3,900	100	- 600
FABRICATED METALS	11,300	10,900	10,600	400	700
FABRICATED STRUCTURAL METALS	5,800	5,600	5,100	200	700
OTHER FABRICATED METALS	5,500	5,300	5,500	200	0
MACHINERY	15,400	15,600	15,800	- 200	- 400
ELECTRICAL EQUIPMENT & SUPPLIES	14,000	14,000	14,700	0	- 700
TRANSPORTATION EQUIPMENT	8,000	8,200	8,400	- 200	- 400
INSTRUMENTS & RELATED PRODUCTS	14,300	14,300	14,500	0	- 200
MISCELLANEOUS MANUFACTURING	2,900	3,000	2,800	- 100	100
NONDURABLE GOODS	59,700	61,300	58,500	- 1,600	1,200
FOOD & KINDRED PRODUCTS	29,300	31,000	28,500	- 1,700	800
CANNING & PRESERVING	19,000	20,600	18,000	- 1,600	1,000
OTHER FOOD PRODUCTS	10,300	10,400	10,500	- 100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,500	2,400	2,800	100	- 300
PAPER & ALLIED PRODUCTS	9,500	9,500	8,600	0	900
PRINTING & PUBLISHING	11,000	11,100	11,100	- 100	- 100
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	500	500	600	0	- 100
RUBBER & PLASTIC PRODUCTS	2,800	2,700	2,800	100	0
LEATHER PRODUCTS	400	400	400	0	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	SEPT. 1985	AUG. 1985	SEPT. 1984	AUG. 1985	SEPT. 1984
(CONT.)					
TOTAL NONMANUFACTURING	832,400	820,800	815,700	11,600	16,700
MINING & QUARRYING	1,700	1,700	1,800	0	-100
CONSTRUCTION	34,900	35,200	34,100	-300	800
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	55,900	55,300	56,500	600	-600
TRANSPORTATION	33,600	33,000	34,100	600	-500
RAILROAD	5,100	5,100	5,400	0	-300
TRUCKING & WAREHOUSING	18,300	18,100	18,200	200	100
OTHER TRANSPORTATION	10,200	9,800	10,500	400	-300
COMMUNICATIONS	13,500	13,500	13,700	0	-200
UTILITIES	8,800	8,800	8,700	0	100
TRADE	266,900	265,200	259,800	1,700	7,100
WHOLESALE TRADE	67,500	67,300	65,900	200	1,600
DURABLE GOODS	39,300	39,400	38,500	-100	800
NONDURABLE GOODS	28,200	27,900	27,400	300	800
RETAIL TRADE	199,400	197,900	193,900	1,500	5,500
GENERAL MERCHANDISE	23,700	23,400	24,500	300	-800
FOOD STORES	31,400	31,400	28,800	0	2,600
AUTO DEALERS & SERVICE STATIONS	25,700	25,800	24,900	-100	800
OTHER RETAIL TRADE	118,600	117,300	115,700	1,300	2,900
FINANCE, INSURANCE, & REAL ESTATE	69,000	69,600	66,900	-600	2,100
BANKING & CREDIT AGENCIES	23,700	23,600	23,600	100	100
OTHER FINANCE, INSURANCE, & REAL ESTATE	45,300	46,000	43,300	-700	2,000
SERVICES	214,600	213,100	208,500	1,500	6,100
HOTELS & PERSONAL SERVICES	24,700	24,900	24,200	-200	500
HEALTH SERVICES	70,600	70,500	68,100	100	2,500
OTHER SERVICES	119,300	117,700	116,200	1,600	3,100
GOVERNMENT	189,400	180,700	188,100	8,700	1,300
FEDERAL GOVERNMENT	31,300	31,600	29,700	-300	1,600
STATE GOVERNMENT	52,200	51,700	51,000	500	1,200
EDUCATION	17,900	17,700	18,100	200	-200
OTHER STATE	34,300	34,000	32,900	300	1,400
LOCAL GOVERNMENT	105,900	97,400	107,400	8,500	-1,500
EDUCATION	63,000	53,700	65,400	9,300	-2,400
OTHER LOCAL	42,900	43,700	42,000	-800	900
LABOR-MANAGEMENT DISPUTES	100	200	900	-100	-800

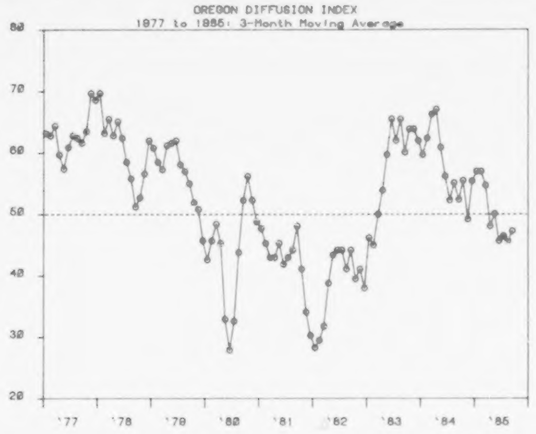
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



fall and winter months if the index remained below 50.0. An examination of the diffusion index graph illustrates the downward and stagnant activity the index has shown in recent months.

Another key economic indicator which is watched closely is the nonfarm wage & salary employment index. The performance of this measurement of the state's economic health has not been as negative as the diffusion index. However, it too has hit a period of stagnation during 1985. In 1983 there was significant improvement in the employment index which was nearly as pronounced as was the downward slide throughout 1981 and 1982. During 1984, a slower growth rate came into play but improvement was still occurring. Then in 1985 things began to change; the index see-sawed slightly from month to month but by September the index level was 0.4 below January's. Looking at this another way, changes in the index for 1985 have varied by only 0.9; from a high of 109.6 in February down to 108.7 in June. During the same time last year, there was a gain of 2.0. Perhaps the simplest and most important concept to keep in mind regarding the nonfarm wage and salary employment index is that September 1985's level of 108.9 means there were only 8.9% more nonfarm wage and salary jobs in Oregon than in 1977! By comparison, the same index measurement for the nation currently stands at 119.0. Wouldn't it be nice if both of these had performed as well as the Consumer Price Index, which rose by about 180% during this time?

Changes in nonfarm wage and salary employment were less than expected in nearly all cases. While there was a net gain of 9,600 jobs between August and September, it fell 4,200 jobs short of the normal gain for this time of year. Market weakness continued in lumber and wood products, where 700 workers were laid off, mostly from logging operations. While nearly everyone has been waiting for falling interest rates and more housing starts across the nation to give Oregon's wood products industry a "vitamin boost", it hasn't had much effect yet. Now, we have something new on the horizon - a weakening American dollar on the international currency market. Will it provide us with the boost we've been waiting for, or will we just be kept waiting again?

Due to the dry, warm weather during the spring and summer months, the canning and preserving season in Oregon reached its peak employment levels in August rather than September. Harvests were earlier than normal this year and the majority of the processing activity took place in the month of August. Despite this, employment in the industry was still 1,000 ahead of September 1984.

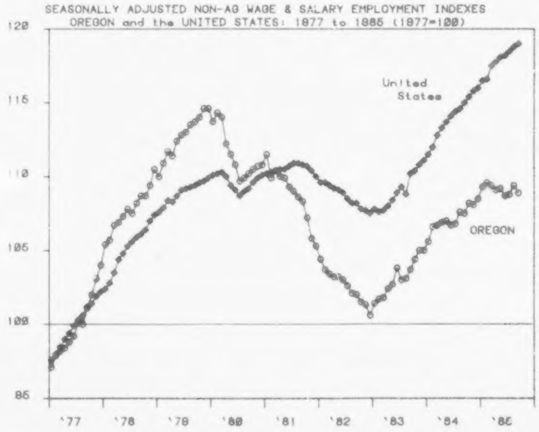
Housing starts are up nationally but unfortunately Oregon is not sharing in this good fortune. Residential building construction is running about 300 employees less than last year and this month's level is the lowest September employment count in over 13 years! At the same time, nonresidential construction employment is slightly ahead of last year. Overall, Oregon's construction industry reached its highest employment level since October 1981 in August, but fell slightly in September.

Employment levels in the trade industry were positively impacted by two regular occurrences at this time of year in Oregon - deer hunting season and the new school year. Sporting goods stores and book stores added nearly 600 workers to the ranks in retail trade.

There seems to be no let-up in the growth of services. In addition to the 2,000 jobs which were added in private education, business services contributed 400 and helped the industry reach its highest employment level in history - 214,600. That marks a gain of 9,300 since January 1985, and a whopping 27,500 in the last three calendar years!

September is one of two months when employment in the public sector registers a significant change between months. The start-up of a new school year always inflates the number of government employees. This year was no exception, with the addition of 8,700 more than in August. However, the uncertainty of many local school budgets helped hold this increase down by about 1,700 from what would normally be expected. Much of the usual hiring is being withheld pending the outcome of emergency budget elections in October.

In summary, while Oregon's seasonally adjusted unemployment rate has been declining for the past three months, other indicators are not supporting this trend. We frequently hear ourselves making statements like, "The good news this month is that the unemployment rate went down, but ...". Well, here we go again!□



AVERAGE ANNUAL PAY IN METRO AREAS

The average annual pay of U.S. workers covered by State and Federal Unemployment Insurance (UI) programs increased by 4.6% to $18,350 in 1984, according to preliminary data recently released by The Bureau of Labor Statistics of the U.S. Department of Labor.

Annual pay data are compiled from reports submitted by employers under UI programs covering over 93 million full- and part-time workers. Average pay is computed by dividing total annual pay of employees covered by UI programs by the average monthly number of these employees.

Industries

Average annual pay varies widely by industry. For example, in Oregon, the highest paid workers ($23,813) were employed in Transportation, Communications and Utilities. Oregon Retail Trade workers, many of whom work only part-time, earned the lowest average annual pay at $10,562. With the exception of Mining (-1.3%) and Construction (-0.1%), average pay levels rose moderately in Oregon's major industrial categories between 1983 and 1984 as shown below.

Mining	$21,790	-1.3
Construction	20,250	-0.1
Manufacturing	22,821	5.3
Transp., Comm. & Util.	23,813	2.6
Wholesale Trade	21,716	5.4
Retail Trade	10,562	4.1
Finance, Insurance & R.E.	17,089	3.2
Services	14,463	3.8
Government	19,102	4.5

Metropolitan Areas

The average annual pay for workers in 316 major metropolitan areas in the U.S. last year was $19,028, an increase of 4.7%. Annual pay in all four of Oregon's major metropolitan areas was less than the U.S. average. This can be due to several factors including these:

- the ratios of full-time to part-time workers
- the mix of industries and occupations
- the extent of unionization
- the rates of local inflation, which in part reflect the relative strength of the economy in each area.

U.S. average (316 areas)	$19,028	4.7
Eugene-Springfield MSA	16,338	2.6
Medford MSA	16,164	4.7
Portland PMSA	18,736	3.9
Salem MSA	15,398	3.1

States

Average annual pay increased in all states between 1983 and 1984, reflecting a combination of economic recovery and moderate to low rates of inflation in each state. Oregon's rate of increase in average pay (4.1%) was below the U.S. average (4.6%), but about equal to the rate of consumer price inflation in the 1983-84 period (U.S. CPI-U rose 4.3%; Portland area CPI-U rose 3.8%).

In terms of the actual level of average pay, Oregon placed in the middle of the pack at $17,474. Alaska ($28,806) and South Dakota ($13,532) represented the high and low ends of the spectrum.□

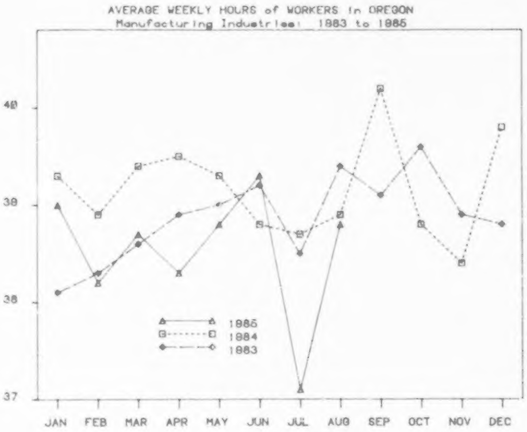
AVERAGE ANNUAL PAY IN 1984

	1984	Percent Change 1983-84
United States	$18,350	4.6
Alabama	16,203	4.3
Alaska	28,806	0.2
Arizona	17,349	4.1
Arkansas	14,973	4.5
California	19,873	4.5
Colorado	18,774	3.7
Connecticut	19,980	INA
Delaware	18,505	1.9
District of Columbia	25,120	5.2
Florida	16,175	4.0
Georgia	16,951	5.3
Hawaii	16,671	3.5
Idaho	15,793	3.6
Illinois	19,733	5.4
Indiana	17,832	4.5
Iowa	15,668	3.0
Kansas	16,665	4.7
Kentucky	16,627	3.8
Louisiana	17,769	2.5
Maine	14,850	5.1
Maryland	18,151	6.1
Massachusetts	18,428	6.1
Michigan	20,940	6.3
Minnesota	18,038	4.7
Mississippi	14,398	3.3
Missouri	17,599	4.8
Montana	15,521	2.0
Nebraska	15,197	3.5
Nevada	17,565	2.6
New Hampshire	16,163	4.0
New Jersey	19,889	5.7
New Mexico	16,426	3.1
New York	20,754	5.4
North Carolina	15,422	5.1
North Dakota	15,289	1.6
Ohio	18,783	4.8
Oklahoma	17,625	2.7
Oregon	17,474	4.1
Pennsylvania	17,931	4.5
Rhode Island	16,150	4.9
South Carolina	15,305	4.5
South Dakota	13,532	2.6
Tennessee	16,216	4.3
Texas	18,864	4.0
Utah	17,201	4.2
Vermont	15,263	4.2
Virginia	17,271	4.8
Washington	18,371	1.8
West Virginia	17,482	3.6
Wisconsin	17,021	3.9
Wyoming	18,322	2.5

HOURS & EARNINGS

Jason Yohannan

Wage freezes or wage cuts are a threat to those manufacturing workers whose products are currently being made elsewhere at less cost. In recent months, the value of the American dollar has dropped relative to other nations' currencies. Although a multi-national effort is now under way to further support this trend, our dollar remains at historically high levels. This allows imports of wood products, electrical goods, and apparel, for example, to gain a competitive advantage over American-made goods. In order to stay competitive, U.S. manufacturers have, in some cases, gone to their employees asking for restraint in salary demands. The total manufacturing average hourly earnings series, then, will be one to watch closely in upcoming months. While most of the July-to-August decline of $.23 is due strictly to the seasonal rise of food processing activity as described in last month's issue of Oregon Labor Trends, some of the over-the-month and over-the-year decrease in lumber and wood products hourly earnings certainly can be attributed to the above reasons.



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug. 2/ 1985	July 3/ 1985	Aug. 1984	Aug. 2/ 1985	July 3/ 1985	Aug. 1984	Aug. 2/ 1985	July 3/ 1985	Aug. 1984
TOTAL MANUFACTURING 4/	$398.86	$389.92	$404.56	38.8	37.1	38.9	$10.28	$10.51	$10.40
Durable Goods	421.74	399.38	425.42	39.6	37.5	39.5	10.65	10.65	10.77
Lumber & Wood Products	438.77	411.44	435.63	39.6	36.9	39.0	11.08	11.15	11.17
Logging & Sawmills	468.85	438.12	468.00	39.3	36.0	39.0	11.93	12.17	12.00
Veneer & Plywood	431.35	410.34	438.99	40.2	38.1	39.8	10.73	10.77	11.03
Millwork & Struct Wood	348.88	319.98	340.95	39.6	37.6	39.1	8.81	8.51	8.72
Mobile Homes	309.59	287.93	267.15	36.9	34.4	32.9	8.39	8.37	8.12
Other Wood Products	446.89	422.14	408.06	40.7	39.9	37.3	10.98	10.58	10.94
Furniture & Fixtures	307.84	278.74	299.75	37.0	36.2	37.8	8.32	7.70	7.93
Primary Metals	497.30	488.74	504.48	40.3	39.8	41.9	12.34	12.28	12.04
Fabricated Metals	390.45	375.67	406.61	39.4	38.1	40.1	9.91	9.86	10.14
Machinery	411.56	410.50	405.99	38.9	38.4	39.0	10.58	10.69	10.41
Nondurable Goods	346.89	365.69	351.56	37.1	36.1	37.4	9.35	10.13	9.40
Food & Kindred Products	274.72	299.98	277.61	36.1	35.5	36.1	7.61	8.45	7.69
Canning & Preserving	227.15	238.48	230.16	35.0	33.4	35.3	6.49	7.14	6.52
Other Food Products	401.41	423.32	398.32	39.2	39.6	38.3	10.24	10.69	10.40
Textile Mill Products	206.88	172.58	218.02	33.1	28.2	35.8	6.25	6.12	6.09
Apparel	215.39	138.57	204.50	38.6	25.9	37.8	5.58	5.35	5.41
Paper & Allied Products	593.17	622.58	570.63	40.6	41.7	42.3	14.61	14.93	13.49
Printing & Publishing	392.07	373.30	433.18	35.1	33.6	35.8	11.17	11.11	12.10
Construction 4/	511.63	513.47	553.06	37.4	37.7	37.7	13.68	13.62	14.67
Communications & Utilities 5/	497.35	502.66	498.48	40.8	41.0	40.2	12.19	12.26	12.40
Trade 5/	290.53	291.72	292.56	34.1	34.0	34.5	8.52	8.58	8.48
Wholesale Trade	401.94	397.76	392.27	38.5	38.1	37.9	10.44	10.44	10.35
Retail Trade	237.76	241.71	244.78	32.0	32.1	32.9	7.43	7.53	7.44
Banking & Insurance	282.75	282.34	267.11						
State & Local Government	365.38	362.57	352.79						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

It should be re-emphasized, however, that parts of Oregon's economy do benefit from imports, most notably the transportation, wholesale trade, and retail trade industries.

Last month's issue also described how August was a good month in terms of employment growth. The average weekly hours series reflected that situation, as all manufacturing industries except other food products and paper & allied products showed workweek increases for the month.□

LABOR SURPLUS AREAS

Labor surplus areas are areas with high unemployment rates to which Federal procurement contracts can be directed. Rather than classifying these areas by metropolitan area or by labor market area, the U.S. Department of Labor classifies them on the basis of civil jurisdictions. These are defined as all cities with a population of at least 50,000 and all counties.

A civil jurisdiction is classified as a labor surplus area when its average unemployment rate is at least 20% above the average unemployment rate for all states during the previous two calendar years. Two exceptions may occur during periods of high or low national unemployment. During periods of high national unemployment (i.e. a rate above 8.3%), an area is classified as a labor surplus area if its average rate is 10% or more. During periods of low national unemployment (i.e. a rate below 5.0%), a 6.0% 'floor' comes into effect. No area with an unemployment rate of less than 6.0% would be considered a labor surplus area.

Under certain exceptional circumstances, an area not meeting any of the above criteria may be considered a labor surplus area if a significant increase in unemployment takes place which is not reflected in the rate for the previous two years.

In 1983-84, the average unemployment rate for the U.S. was 8.6%. Therefore, the 10.0% 'ceiling' is. The following table lists 26 areas in Oregon which have been designated labor surplus areas by the U.S. Department of Labor for the period October 1, 1985 to September 30, 1986. Employers located in any of these areas, or which agree to carry out a substantial portion of the contract in a labor surplus area, currently qualify for bidding preference on certain Federal procurement contracts.

Employers interested in bidding on Federal contracts should consult the Commerce Business Daily which lists Federal contracting requirements and indicates those to be awarded under preference procedures. The Seattle Business Service Center of the General Services Administration can provide additional information concerning Federal contracting opportunities in Alaska, Idaho, Oregon and Washington.

Contact: General Services Administration
442 Federal Bldg.
915 Second Ave.
Seattle, WA 98174
Attn: Wiletta Brown
Ph. (206) 442-5556 □

JSEC SEMINARS FOR EMPLOYERS

Local Job Service Employer Committees have scheduled the following seminars for employers during November:

Topic: Unemployment Insurance
Purpose: To give employers a better understanding of the unemployment insurance process. Employment Division Administrator Ray Thorne, or Deputy Administrator Libby Leonard will be the luncheon speaker.

Location: Salem, Nov. 6, 8:00 AM-3:30 PM (call 378-4845)
Newport, Nov. 19, 8:30 AM-3:30 PM (call 265-8891)
Portland, Nov. 20, 8:00 AM-3:30 PM (call 229-5649 or 280-6004)

Topic: Exit Interviews
Purpose: A private consultant will discuss exit interviews and the necessary steps employers should take before terminating an employee.
Location: Wilsonville, Nov. 19, 8:00 AM-10:30 AM (call 657-2073)

Oregon Labor Surplus Areas
Eligible for Federal Procurement Preference
October 1, 1985 through September 30, 1986.

Area	Unemployment Rate (1983-84 Average)
Baker County	16.8
Clatsop County	11.7
Coos County	14.7
Crook County	11.5
Curry County	13.2
Deschutes County	12.6
Douglas County	12.5
Grant County	14.3
Harney County	13.5
Hood River County	13.2
Jackson County	11.0
Jefferson County	11.9
Josephine County	12.8
Klamath County	11.7
Lake County	11.6
Lane County Less City of Eugene	11.7
Lincoln County	10.9
Linn County	13.3
Malheur County	11.9
Tillamook County	12.9
Umatilla County	11.9
Union County	11.1
Wallowa County	12.3
Wasco County	13.0
Wheeler County	11.6
Yamhill County	10.0

EMPLOYERS' CORNER – PROFESSIONAL PLACEMENT SERVICE

John Stone

Groups of employers work closely with the Employment Division throughout Oregon. These groups, known as Job Service Employer Committees (JSEC's), keep the Oregon Employment Division informed about employer needs and ideas. Last year, a Portland JSEC group expressed concern that employers were not receiving adequate service from the Employment Division in the professional, technical, and managerial occupations. As a result of this concern, a task force of JSEC employers and local office managers of the Employment Division was formed. Its purpose was to investigate the feasibility of establishing a special placement unit to provide services to professional, technical and managerial applicants, and to employers needing these types of workers.

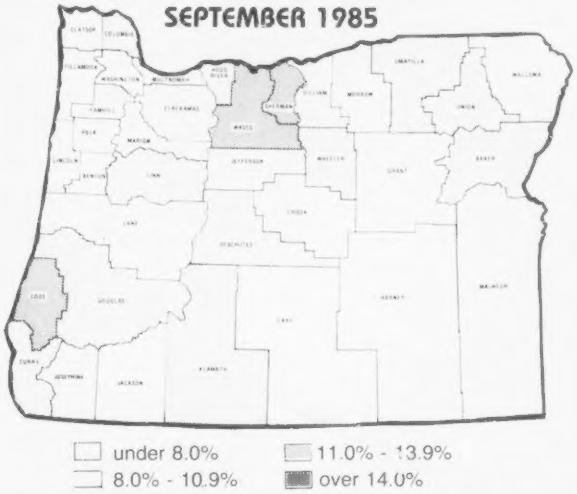
As a result, a "Professional Placement Service" unit was organized in the Portland metropolitan area to operate as a test project. Four local Employment Division offices were selected to work with employers that hire a substantial number of workers in the professional, technical, and managerial occupations.

Each of the four test offices was provided with a private interviewing area staffed by an Employment Division "Account Executive" employee. Each Account Executive was trained by interested employers to deal with a certain group of occupations. The occupational groups were: information systems (primarily data processing), health care services, electronics, and accounting/engineering. This procedure was adopted to insure that employers would receive a personal and efficient referral service for these occupations. All professional, technical, and managerial job applicants in Oregon were entered into a computerized job-match system. The job-match system provided employers with the largest available job applicant pool to meet their needs. The U.S. job bank of applicants was also used.

Employers and job applicants who could benefit from this special service should contact the following Account Executives at their respective Oregon Employment Division local offices:

1. Information Systems (primarily Data Processing)
   Kathy Craft - 229-5239
   Downtown Portland Local Office
   1099 Columbia, S.W. P.O. Box 159, 97207
2. Health Care Services
   Jean Erickson - 280-6081
   North Portland Local Office
   5019 N Williams Ave., 97217
3. Electronic Industries
   Barbara Hauge - 644-1229
   Beaverton Local Office
   8196 S.W. Hall Blvd.
   P.O. Box 768, 97075
4. Accounting and Engineering
   Jo Collins - 657-6812
   Oregon City Local Office
   506 High St.
   P.O. Box 71, 97045 □

STATE OF OREGON
Unemployment Rates by Area



SEPTEMBER 1985

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
SALEM, OREGON 97311

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

NOVEMBER 1985

OCTOBER INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
Oct.	1985	7.5
Sep.	1985	8.1
Oct.	1984	9.0
U.S.		
Oct.	1985	7.1
Sep.	1985	7.1
Oct.	1984	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Oct.	1985	110.2
Sep.	1985	109.2
Aug.	1985	109.4
July	1985	108.8
June	1985	108.7

DIFFUSION INDEX

Oregon		
Oct.	1985	53.5
Sep.	1985	47.3
Aug.	1985	45.7
July	1985	45.3
June	1985	45.7

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Sep.	1985	38.8
Aug.	1985	38.6
Sep.	1984	40.2

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Sep. 1985	314.9
Yearly Change	+ 4.1%
U.S.	
Oct. 1985	325.5
Yearly Change	+ 3.2%

Portland Hotline 221-4132

A REASON FOR THANKSGIVING

Graham Slater

While few people would claim that Oregon's economic woes are over, the state's employment and unemployment statistics suggest that we approach this holiday season in much better shape than was the case last year. Oregon's three employment-related economic indicators all registered improvement in October.

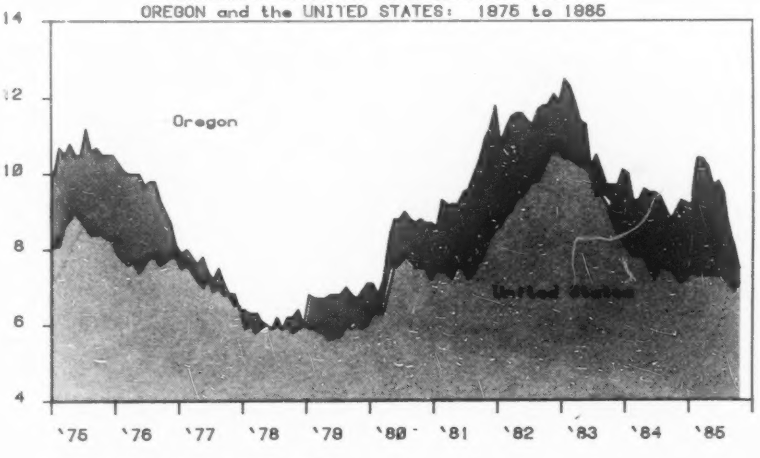
Economic contradictions, however, are still apparent. On one hand, October's statistics provided a degree of optimism which has been absent for some time. But on the other, we must recognize that 'recovery' has crept towards certain areas of the state while shunning others. As well as analyzing the events of last month, this article will study the relative health of different regions of the state. This analysis may be a little more sobering than the statewide statistics suggest.

Oregon's seasonally adjusted unemployment rate fell to 7.5% in October, its lowest level since March, 1980. In September the rate was 8.1%, while 9.0% was the year ago level.

Twelve months ago, 110,900 Oregonians were unemployed. That figure has dropped to 90,400 currently. During the same period, total employment has grown from 1,229,400 to 1,251,500.

The national seasonally adjusted unemployment rate remained unchanged at 7.1% in October. While Oregon's rate has declined from 10.4% early in 1985, national rates have stagnated in the 7.0-7.4% range since the beginning of the year.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES: 1975 to 1985



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	OCT. 1985 1/	SEPT. 1985 2/	CHANGE	% CHANGE	OCT. 1984 5/
CIVILIAN LABOR FORCE 3/	1,341,900	1,334,100	7,800	0.6	1,340,300
UNEMPLOYMENT	90,400	94,000	- 3,600	- 3.8	110,900
PERCENT OF LABOR FORCE	6.7	7.0	XXX	XXX	8.3
SEASONALLY ADJUSTED PERCENT	7.5	8.1	XXX	XXX	9.0
TOTAL EMPLOYMENT 4/	1,251,500	1,240,100	11,400	0.9	1,229,400

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	OCT. 1985 1/	SEPT. 1985 2/	OCT. 1984	CHANGE FROM SEPT. 1985	CHANGE FROM OCT. 1984
TOTAL 3/	1,049,700	1,040,800	1,029,600	8,900	20,100
WAGE & SALARY EMPLOYMENT INDEX 4/	110.2	109.2	108.2	XXX	XXX
DIFFUSION INDEX 5/	53.5	47.3	55.5	XXX	XXX
TOTAL MANUFACTURING	207,300	206,500	205,400	800	1,900
DURABLE GOODS	146,900	146,600	148,100	300	- 1,200
LUMBER & WOOD PRODUCTS	65,800	66,200	66,800	- 400	- 1,000
LOGGING & SAWMILLS	35,300	35,500	35,700	- 200	- 400
VENEER & PLYWOOD	16,400	16,300	17,100	100	- 700
MILLWORK & STRUCTURAL WOOD	8,700	8,900	8,400	- 200	300
MOBILE HOMES	1,500	1,500	1,600	0	- 100
OTHER WOOD PRODUCTS	3,900	4,000	4,000	- 100	- 100
FURNITURE AND FIXTURES	2,700	2,600	2,700	100	0
STONE, CLAY, GLASS & CONCRETE	2,600	2,700	2,700	- 100	- 100
PRIMARY METALS	8,900	9,000	9,200	- 100	- 300
BLAST FURNACES, IRON & STEEL	5,600	5,700	5,500	- 100	100
NONFERROUS METALS	3,300	3,300	3,700	0	- 400
FABRICATED METALS	11,300	11,300	10,500	0	800
FABRICATED STRUCTURAL METALS	5,800	5,800	5,000	0	800
OTHER FABRICATED METALS	5,500	5,500	5,500	0	0
MACHINERY	15,400	15,500	16,200	- 100	- 800
ELECTRICAL EQUIPMENT & SUPPLIES	13,600	13,900	14,800	- 300	- 1,200
TRANSPORTATION EQUIPMENT	9,400	8,000	8,000	1,400	1,400
INSTRUMENTS & RELATED PRODUCTS	14,100	14,300	14,400	- 200	- 300
MISCELLANEOUS MANUFACTURING	3,100	3,100	2,800	0	300
NONDURABLE GOODS	60,400	59,900	57,300	500	3,100
FOOD & KINDRED PRODUCTS	30,200	29,700	27,300	500	2,900
CANNING & PRESERVING	19,700	19,400	16,500	300	3,200
OTHER FOOD PRODUCTS	10,500	10,300	10,800	200	- 300
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,400	2,400	2,800	0	- 400
PAPER & ALLIED PRODUCTS	9,200	9,500	8,500	- 300	700
PRINTING & PUBLISHING	11,200	11,000	11,100	200	100
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	500	500	600	0	- 100
RUBBER & PLASTIC PRODUCTS	2,700	2,700	2,900	0	- 200
LEATHER PRODUCTS	500	400	400	100	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	OCT. 1985	SEPT. 1985	OCT. 1984	CHANGE FROM	
				SEPT. 1985	OCT. 1984
(CONT.)					
TOTAL NONMANUFACTURING	842,400	834,300	824,200	8,100	18,200
MINING & QUARRYING	1,600	1,700	1,700	-100	-100
CONSTRUCTION	34,600	34,400	32,900	200	1,700
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	56,000	56,000	56,000	0	0
TRANSPORTATION	33,900	33,600	33,700	300	200
RAILROAD	5,000	5,000	5,300	0	-300
TRUCKING & WAREHOUSING	18,400	18,300	18,300	100	100
OTHER TRANSPORTATION	10,500	10,300	10,100	200	400
COMMUNICATIONS	13,400	13,600	13,700	-200	-300
UTILITIES	8,700	8,800	8,600	-100	100
TRADE	265,000	266,700	258,100	-1,700	6,900
WHOLESALE TRADE	67,900	68,100	66,100	-200	1,800
DURABLE GOODS	39,100	39,400	38,500	-300	600
NONDURABLE GOODS	28,800	28,700	27,600	100	1,200
RETAIL TRADE	197,100	198,600	192,000	-1,500	5,100
GENERAL MERCHANDISE	24,300	23,600	24,900	700	-600
FOOD STORES	30,800	31,200	29,000	-400	1,800
AUTO DEALERS & SERVICE STATIONS	25,200	25,600	24,700	-400	500
OTHER RETAIL TRADE	116,800	118,200	113,400	-1,400	3,400
FINANCE, INSURANCE, & REAL ESTATE	68,600	68,900	66,800	-300	1,800
BANKING & CREDIT AGENCIES	23,500	23,700	23,300	-200	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	45,100	45,200	43,500	-100	1,600
SERVICES	213,600	215,200	209,000	-1,600	4,600
HOTELS & PERSONAL SERVICES	23,600	24,400	23,600	-800	0
HEALTH SERVICES	70,500	70,300	68,600	200	1,900
OTHER SERVICES	119,500	120,500	116,800	-1,000	2,700
GOVERNMENT	203,000	191,400	199,700	11,600	3,300
FEDERAL GOVERNMENT	30,400	31,100	29,800	-700	600
STATE GOVERNMENT	55,800	51,500	55,900	4,300	-100
EDUCATION	22,700	17,600	23,600	5,100	-900
OTHER STATE	33,100	33,900	32,300	-800	800
LOCAL GOVERNMENT	116,800	108,800	114,000	8,000	2,800
EDUCATION	73,700	65,600	72,300	8,100	1,400
OTHER LOCAL	43,100	43,200	41,700	-100	1,400
LABOR-MANAGEMENT DISPUTES	100	100	900	0	-800

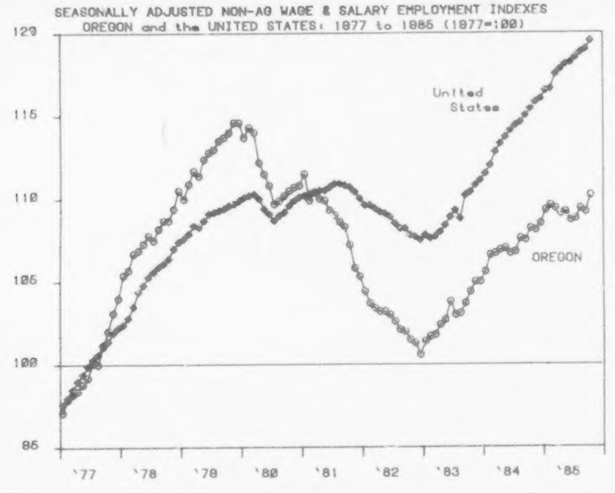
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



Adding to the positive movement in Oregon's unemployment rate, the nonagricultural wage and salary employment index rose to 110.2, its highest level in four years. This seasonally adjusted index expresses wage and salary employment in terms of the average level of 1977. In other words, a reading of 110.2 tells us that the state has 10.2% more payroll jobs now than in 1977. However, as will be shown later in this article, a comparison with 1979 shows that despite nearly three years of 'recovery', employment in much of the state still lags behind 'pre-recession' levels. Back to the 1977-based index -- 109.2 in September and 108.2 one year ago place October's 110.2 in context, as does the low point of 100.6 recorded in December, 1982.

Oregon's third indicator, the diffusion index, also recorded its most positive month in some time. This index attempts to predict employment trends roughly six months in the future, and over the past year or so has done a commendable job of doing so. For most of 1984 and early 1985, the diffusion index stayed in the mid to high 50s range (50.0 being the 'cutoff' point), leading perfectly into an unemployment rate which has declined for four consecutive months. However, since April of 1985, the index has struggled around 45-48, suggesting that a slight increase in unemployment rates may be approaching. In October, the diffusion index broke through the 50.0 barrier, reaching 53.5. Now we watch to see if this much more satisfactory level can be maintained.

Turning now to wage and salary employment levels, one generalization can be made: at a time of year when employment was expected to decrease, all but one of Oregon's major industries either recorded job gains or lost fewer jobs than anticipated.

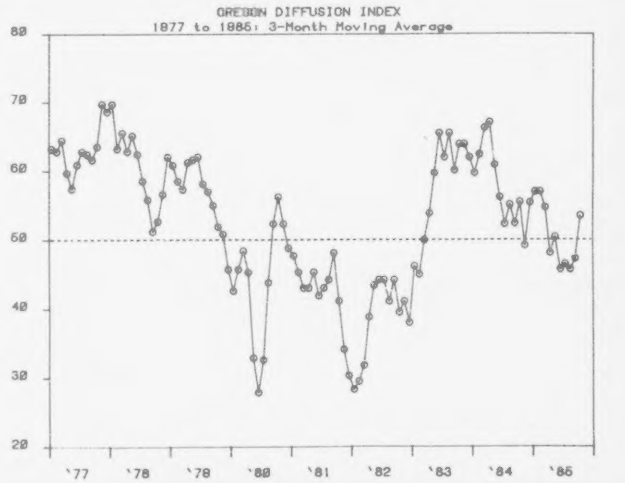
Oregon's manufacturing industries generally drop over 4,000 jobs in October, many in lumber & wood products and food & kindred products. In lumber and wood products, 400 jobs did disappear, but this compares very favorably with the normal loss of 2,000. Although at least one plant closure seems to be announced every month, all segments of the industry recorded relative stability in October, with veneer & plywood actually adding 100 employees.

Other manufacturers of durable goods showed similar stability. Employment changes from September to October were minimal, except in transportation equipment, where new contracts doubled the level of shipbuilding and repair employment to 2,500. Both transportation equipment (+1,400) and fabricated metals (+800) recorded healthy gains over last October.

We have been predicting an early peak in canning and preserving employment as a result of early harvesting of many crops following the excellent weather Oregon has enjoyed this year. While these predictions were realized in the canneries, October's statistics show a sizeable shift from canning to frozen food employment. In fact, of the firms in our monthly sample of employers, those involved in canning recorded a 24% decrease in employment, while the frozen food companies registered a 13% increase. A number of late fruits and vegetables were still arriving at the processors throughout October. All this adds up to the fact that in a month when food processing employment is 'supposed' to drop 1,300, it actually increased by 500.

Construction experienced an excellent month, as employment grew by 200, instead of declining by 1,200 as seasonally expected. The new jobs appeared in two areas - plumbing, heating and air conditioning contractors (a seasonal increase due to the approaching winter months), and general contractors, both residential and nonresidential. Although residential construction has gone through difficult times in recent years, the rate at which multi-family permits are being issued this year is running at double the level of 1984. Some of these permits are finally translating into construction activity because of the following:

1. Interest rates are lower now than they have been for some time.
2. Vacancy rates are falling, particularly in Washington County, where much of the residential activity is taking place.
3. Tax benefits for residential investments other than in one's home may be diminished in the future depending on the direction of tax reform.



Trade employment declined by 1,700, with most of this drop coming in food stores, gas stations, apparel stores, and eating & drinking places. Historically, October represents a temporary low in trade employment, before the onset of Christmas hiring. Watch this industry's hiring trend carefully over the next two months to see how much confidence retailers have in consumer spending.

It is ironic that the one industry which has consistently shown growth over the past few years recorded raw and seasonally adjusted job losses in October, when many other industries were doing so well. The 1,600 job decline in services came mostly in amusements & recreation, business services, and hotels. Increasing employment was found in health services and private education.

Government employment, subject to so many taxpayer whims, appeared robust in October as education employment regained school year levels in local K-12 schools as well as the state's universities and community colleges.

To summarize, October was a month of unexpected good news, providing more optimism than seemed possible a few months ago. At least, that's how it looks at the statewide level. But an analysis of employment trends in each area of the state suggests that this is far from consistent across the entire state.

The following table gives 1982 and 1985 indexes for various areas of the state, expressing payroll employment in terms of the 1979 average level:

EMPLOYMENT TRENDS IN MANUFACTURING AND NONMANUFACTURING
Oregon: Nonfarm Wage & Salary Employment

		INDEX*	
		1982	1985
Oregon	Total W & S	91.0	97.2
	Manufacturing	81.3	86.7
	Nonmanufacturing	93.6	100.1
Willamette Valley	Total W & S	92.4	98.2
	Manufacturing	84.2	86.7
	Nonmanufacturing	94.5	101.2
North Coast	Total W & S	91.1	94.7
	Manufacturing	71.5	77.8
	Nonmanufacturing	98.2	100.9
Southern Oregon	Total W & S	86.7	95.0
	Manufacturing	73.4	88.0
	Nonmanufacturing	91.3	97.4
Southeastern Oregon	Total W & S	86.7	88.3
	Manufacturing	76.3	82.7
	Nonmanufacturing	90.1	90.1
Central Oregon	Total W & S	88.4	100.6
	Manufacturing	72.5	90.9
	Nonmanufacturing	92.6	103.2
Northeastern Oregon	Total W & S	87.8	89.6
	Manufacturing	80.5	87.8
	Nonmanufacturing	89.3	90.1

* Index based on 1979=100.

Looking at total payroll employment for 1985, it appears that most of the state has recovered to within 5% of the pre-recession (1979) level of employment. Only one area, Central Oregon, has actually shown growth in the six year period. The entire Eastern Oregon region has recorded a significant decline, with more than 10% of the area's jobs lost.

Manufacturing employment has fared much worse than nonmanufacturing employment. Between 1979-82, a 15-20% manufacturing employment decline was not uncommon across the state. In some counties - Baker, Crook, Grant, Harney, and Wheeler - manufacturing employment dropped by half. And in 1985, statewide manufacturing employment is still about 13% below 1979 levels.

Nonmanufacturing employment has currently regained all the jobs lost statewide, but many of them are now in different locations. For instance, it appears that the Willamette Valley, North Coast, and Central Oregon all employ more nonmanufacturing workers now than in 1979, while nonmanufacturing employment in Eastern Oregon is still down 10%.

Perhaps a future article in this publication will examine in more detail economic differences across the state. For now, the point has been made. Oregon's unemployment rate and other indicators were most encouraging last month. But in certain areas, there are still many who are not only unemployed, but who have little hope of finding work in the near future. Despite a falling unemployment rate in recent months, we must not relax our efforts to promote economic development and create new jobs. Until job opportunities are available to all unemployed workers throughout the state, we should remember the 90,400 'celebrating' a jobless Thanksgiving.□

EMPLOYERS CORNER – NEW LEADERSHIP FOR OREGON JSEC's

Dorothy Monnier

The Oregon Job Service Employers' Committee elected Karolyn Newgard as new State Chairperson at its annual meeting in Bend, November 13-15, 1985.

Karolyn, staffing supervisor for Wacker Siltronic in Portland, has served as the Portland JSEC Chairperson for the past year and a half. She helped launch the successful "Professional Placement Service" project in Portland.

We also want to take this opportunity to extend a sincere "Thank You" to the two out-going state officers, Faye Meske Jorgensen, State Chairperson and Jim Tabler, State Vice-Chairperson. Faye and Jim have been dynamic leaders these past two years. It was during their tenure that Oregon JSECs won a national award for having the "Outstanding Statewide JSEC of the Year". It is important that we recognize the value of their positive advocacy, and their honest and constructive criticism. This type of dialogue is imperative if the Employment Division is to continue improving its services to employers and applicants.

THANK YOU, FAYE AND JIM. You have certainly left your mark as we continue to strive for excellence. You brought about a lot of change in the two short years you led the Oregon JSECs.

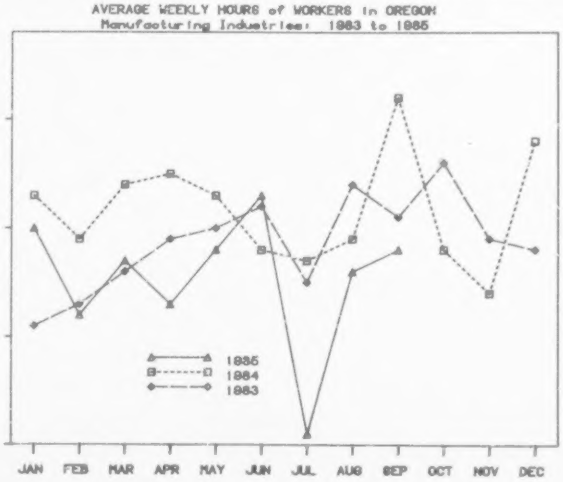
NOTE TO EMPLOYERS: If you are not happy with the services provided by your local Employment Service office, I CHALLENGE you to become involved in your local JSEC. We give you the opportunity to have a voice in the service you are already paying for in FUTA taxes. Please call 1-800-237-3710 ext. 8-4446 and ask to talk to Dorothy Monnier, JSEC Coordinator.□

HOURS & EARNINGS

Jeff Hannum

The 'average' manufacturing worker saw weekly earnings rise in September by $7.09, due to a slight increase in the average workweek and a 13 cent gain to $10.38 in average hourly earnings. Averages, however, don't tell the whole story. In this case, average earnings improved, but there were also 2,100 fewer manufacturing production workers earning paychecks in September - a much larger employment decline than usual. The main reason for this was an early peak in vegetable harvesting and related food processing activity this summer. The layoff of 1,700 lower-paid seasonal workers in this industry contributed heavily to September's gain in average hourly earnings.

Although the length of the average workweek in manufacturing crept higher in September, this key indicator, as the accompanying graph shows, has not performed as well in 1985 as in either of ~~the past~~ two years. Manufacturing employment has exhibited a similar trend this year, showing over-the-year gains from January through March, but annual job losses in each of the following six months. Since the average weekly hours series often foreshadows employment trends later on, it would be useful to watch this indicator closely in the months ahead.□



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Sep. 2/ 1985	Aug. 3/ 1985	Sep. 1984	Sep. 2/ 1985	Aug. 3/ 1985	Sep. 1984	Sep. 2/ 1985	Aug. 3/ 1985	Sep. 1984
TOTAL MANUFACTURING 4/	$402.74	$395.65	$415.27	38.8	38.6	40.2	$10.38	$10.25	$10.33
Durable Goods	419.83	415.52	438.04	39.2	39.2	40.9	10.71	10.60	10.71
Lumber & Wood Products	443.52	428.29	456.12	39.6	38.9	40.4	11.20	11.01	11.29
Logging & Sawmills	470.69	451.01	492.47	38.9	37.9	40.7	12.10	11.90	12.10
Veneer & Plywood	438.21	427.73	456.85	40.5	39.9	40.9	10.82	10.72	11.17
Millwork & Struct Wood	359.38	353.33	347.51	40.7	40.8	39.4	8.83	8.66	8.82
Mobile Homes	311.86	309.59	257.54	35.6	36.9	32.6	8.76	8.39	7.90
Other Wood Products	466.77	445.94	447.12	41.9	40.8	40.5	11.14	10.93	11.04
Furniture & Fixtures	316.09	304.67	290.88	38.5	37.2	36.0	8.21	8.19	8.08
Primary Metals	481.98	499.28	478.61	39.8	40.2	41.8	12.11	12.42	11.45
Fabricated Metals	383.27	384.55	402.99	39.8	39.2	39.9	9.63	9.81	10.10
Machinery	429.37	412.78	426.36	39.5	39.2	40.8	10.87	10.53	10.45
Nondurable Goods	359.28	349.31	357.28	37.7	37.2	38.5	9.53	9.39	9.28
Food & Kindred Products	289.75	277.70	293.00	37.1	36.3	38.3	7.81	7.65	7.65
Canning & Preserving	243.26	231.62	256.19	36.2	35.2	38.7	6.72	6.58	6.62
Other Food Products	411.20	407.40	392.77	39.5	39.4	37.3	10.41	10.34	10.53
Textile Mill Products	221.33	210.79	219.83	34.8	33.3	36.7	6.36	6.33	5.99
Apparel	213.57	215.39	207.75	37.8	38.6	37.5	5.65	5.58	5.54
Paper & Allied Products	615.49	594.14	583.11	41.7	40.5	41.8	14.76	14.67	13.95
Printing & Publishing	382.45	397.95	433.16	34.3	35.0	36.4	11.15	11.37	11.90
Construction 4/	486.46	509.01	540.54	35.2	37.1	37.8	13.82	13.72	14.30
Communications & Utilities 5/	500.82	490.86	512.93	41.7	40.5	41.1	12.01	12.12	12.48
Trade 5/	291.37	289.00	291.89	34.4	34.0	34.3	8.47	8.50	8.51
Wholesale Trade	400.79	396.52	391.23	38.5	38.2	37.8	10.41	10.38	10.35
Retail Trade	238.79	239.15	243.85	32.4	32.1	32.6	7.37	7.45	7.48
Banking & Insurance	292.03	281.33	277.03						
State & Local Government	357.65	365.75	341.71						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

SALEM MSA PROFILE

Earl Fairbanks

The Salem Metropolitan Statistical Area (MSA) is composed of Marion and Polk counties and lies in the heart of Western Oregon's Willamette Valley. At its geographic and economic center is Salem, the state capitol and Oregon's third largest city.

Marion County, previously called "Champoick," was created in 1843, 16 years before statehood. In 1849 the name was changed to "Marion" after General Francis Marion, a Revolutionary War hero whose successful campaigns against the British won him the popular title of "Swamp Fox."

Polk County, established in 1845, was named for then U.S. President James Polk. The town of Independence was the final destination for early wagon trains to Oregon.

Sheltered from extreme temperatures, the Willamette Valley enjoys a generally mild climate. Winter temperatures seldom fall below 25 F and a typical summer day will be in the low 80s.

The Salem MSA has one of the state's lowest rates of unemployment. Its relative success is due to a broad economic base comprised of state government, food processing, agriculture, trade, and services. It is also free from the timber industry dominance experienced by much of Oregon.In 1984, less than 4% of the payroll jobs in Marion and Polk counties were in lumber and wood products, compared with 13% in Oregon outside the Portland and Salem areas, 12% in Lane, 26% in Douglas, and 38% in Crook County.

Marion and Polk counties constitute one of the nation's largest food processing centers, and produce approximately nine million cases of canned food and 450 million pounds of frozen food a year. Many area family incomes are supplemented each year when six to seven thousand seasonal jobs are added for the processing season. Employment normally peaks at between nine to ten thousand every August. The largest single product is green beans, but a broad range of other vegetables, fruits, berries,and meat products grown throughout the valley are also processed. Other products include apples, beets, blackberries, brussels sprouts, cabbage, carrots, cherries, corn, cauliflower, pears, peas, plums, prunes, pumpkin, raspberries, rhubarb, strawberries, squash, turkeys, and wax beans.

Polk ranks 4th in the state in the percentage of its residents with 16 or more years of education. The 1980 census showed that 20% of Polk and 17% of Marion County residents age 25 and over had completed four years of college. Both counties were above the national average of 16%.

Area residents are offered their choice of four local institutions of higher education, including Chemeketa Community College, Western Baptist College, and Willamette University in Salem, and Western Oregon State College in Monmouth. Also within commuting distance are major educational institutions including Oregon State University in Corvallis, 35 miles south of Salem; Portland State University in Portland, 47 miles to the north; and the University of Oregon in Eugene, 64 miles south of Salem.

But even with its relatively diverse and stable economy, the area was hit hard by the 1981-83 recession. Unemployment, which averaged 5.6% of the labor force in 1978, reached 13.8% in January 1983 and the area hasn't yet fully recovered. A rate of about 8.6% is expected for the 1985 average. Even so, the two counties should be better cushioned from further economic swings as we move through the rest of the 1980s. Recent years have brought much restructuring of the area's manufacturing industries, especially in lumber and food products. Local manufacturers who have survived the last few years by modernizing and increasing efficiency will stand a better chance of continuing to provide jobs in the future.

Long-term potential for job creation is likely to lie not in the traditional lumber/ag/food products industries, but in diversification into other fields. High tech has created some jobs in Marion and Polk counties, but high tech by itself is not enough. Each locality has certain industrial, social, and geographic advantages that need to be identified and exploited. For starters, Polk has fertile farm land and easy access to Salem, and Marion already has a relatively diverse industrial base and is the trade center of the mid-Willamette valley.□

SALEM SMSA
VALLEY JUNCTION
POLK
DALLAS
MONMOUTH
INDEPENDENCE
SALEM
WOODBURN
SILVERTON
MARION
STAYTON
MILL CITY
IDANHA

NEW LMI PUBLICATIONS

Oregon Careers, 1985-86, Oregon's career and job market information newspaper, is now available. Articles include "Preparing for Tomorrow's Jobs," "International Trade = Jobs," and a two-page section featuring three of Oregon's self-made business people.

As always, the main feature of this newspaper is the current information on over 200 of the state's key occupations. Job seekers will find job descriptions, salary ranges, demand/supply analyses, and educational/training data for all of these occupations.

Oregon Careers, 1985-86 is available free of charge at all Employment Division local offices, as well as community college and high school career centers statewide. Copies may also be obtained by writing to: Oregon Careers; Employment Division, Research and Statistics; 875 Union Street NE, Salem, OR 97311; or by calling: (503) 378-6400.

Teachers should also be aware that there is an Oregon Careers Users' Guide, 1985-86 available to help promote further career exploration. It also includes classroom and individual activities that help to increase students' understanding of labor market concepts. Contact Nancy Hargis, Oregon Occupational Information Coordinating Committee, 875 Union Street NE, Salem, OR 97311; or call: (503) 378-8146.

****

The 1984 Oregon Wage Information report is now available. Over 300 common occupations are listed including 1983 employment, the sources of wage data for each occupation, and wages (low, average, high).

Your free copy of this report may be ordered from:

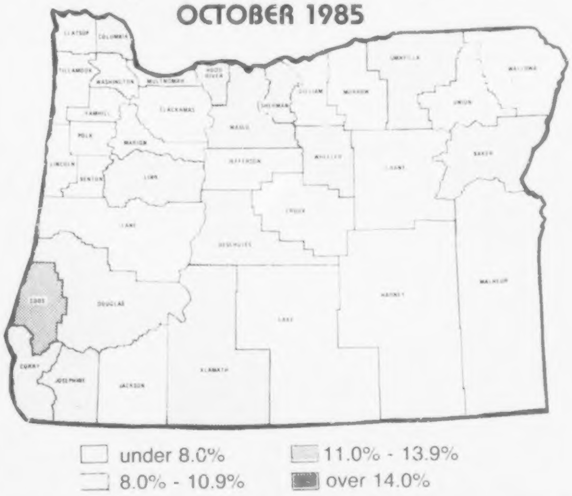
Employment Division - R&S
875 Union St NE
Salem OR 97311
503/378-8657

****

The 1984 Oregon Covered Employment and Payrolls by Industry and County publication is now available. Included are employment and payroll data at the four-digit industry level (using Federal Standard Industrial Classification codes) for the state and two-digit industry level for each Oregon county. For your copy please contact:

Oregon Employment Division R&S
Attn: ES 202
875 Union Street NE
Salem OR 97311
Telephone: 378-8654
Toll Free in Oregon: 1-800-237-3710 X 8-8654 ☐

STATE OF OREGON
Unemployment Rates by Area
OCTOBER 1985



CLATSOP
COLUMBIA
TILLAMOOK
WASHINGTON
MULTNOMAH
HOOD RIVER
CLACKAMAS
YAMHILL
POLK
MARION
LINCOLN
BENTON
LINN
WASCO
SHERMAN
GILLIAM
MORROW
UMATILLA
UNION
WALLOWA
JEFFERSON
WHEELER
GRANT
BAKER
CROOK
LANE
DESCHUTES
COOS
DOUGLAS
HARNEY
MALHEUR
LAKE
CURRY
JOSEPHINE
JACKSON
KLAMATH
☐ under 8.0%
☐ 8.0% - 10.9%
▨ 11.0% - 13.9%
■ over 14.0%

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

DECEMBER 1985

NOVEMBER INDICATORS

UNEMPLOYMENT RATE

		(Seas. Adj.)
Oregon		
Nov.	1985	7.6
Oct.	1985	7.5
Nov.	1984	9.3
U.S.		
Nov.	1985	7.0
Oct.	1985	7.1
Nov.	1984	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Nov.	1985	110.2
Oct.	1985	110.3
Sep.	1985	109.2
Aug.	1985	109.4
July	1985	108.8

DIFFUSION INDEX

Oregon		
Nov.	1985	51.2
Oct.	1985	55.4
Sep.	1985	47.3
Aug.	1985	45.7
July	1985	45.3

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Oct.	1985	39.3
Sep.	1985	39.2
Oct.	1984	38.8

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland MSA	
Nov. 1985	317.1
Yearly Change	+ 4.0%
U.S.	
Nov. 1985	326.6
Yearly Change	+ 3.6%

Portland Hotline 221-4132

CHRISTMAS CHEER IN MODERATION

Frank Ryals

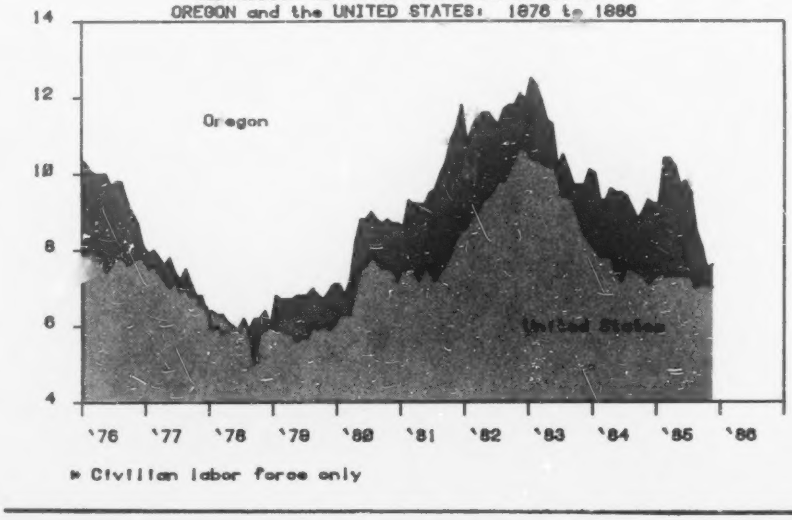
As 1985 ends, Oregonians can raise a moderate toast to an economy which is seeing its lowest Yuletide unemployment rate since 1980. However, Santa did not come to Oregon with a sleighfull of instant economic recovery, either. Improving statewide unemployment and labor force statistics do not reveal the underlying fact that economic rejuvenation still eludes some of our basic industries and the communities which are dependent upon them.

Still, there is cause for celebration. Two sectors, trade and services, are currently at record employment levels, but this growth is really a shift of new job creation away from the manufacturing industries to these sectors, and this is enough to sound a sobering note to any euphoria we might be tempted to feel at this season.

In other words, the contradictory trends of the past several months are continuing into 1986, with the apparent stability of statewide figures hiding some of the real changes which are occurring.

The statewide seasonally adjusted unemployment rate in November was 7.6%, up just one tenth of one percent from 7.5% in October. This translates into almost 11,000 more unemployed persons across the state in November than in October, or about 1,400 more than expected for the month.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	NOV. 1985 1/	OCT. 1985 2/	CHANGE	% CHANGE	NOV. 1984 5/
CIVILIAN LABOR FORCE 3/	1,343,300	1,342,700	600	0.0	1,333,500
UNEMPLOYMENT	101,300	90,400	10,900	12.1	122,900
PERCENT OF LABOR FORCE	7.5	6.7	XXX	XXX	9.2
SEASONALLY ADJUSTED PERCENT	7.6	7.5	XXX	XXX	9.3
TOTAL EMPLOYMENT 4/	1,242,000	1,252,300	- 10,300	- 0.8	1,210,600

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	NOV. 1985 1/	OCT. 1985 2/	NOV. 1984	CHANGE FROM OCT. 1985	CHANGE FROM NOV. 1984
TOTAL 3/	1,040,300	1,050,500	1,020,500	- 10,200	19,900
WAGE & SALARY EMPLOYMENT INDEX 4/	110.2	110.3	108.1	XXX	XXX
DIFFUSION INDEX 5/	51.2	55.4	49.2	XXX	XXX
TOTAL MANUFACTURING	196,100	207,100	197,900	- 11,000	- 1,800
DURABLE GOODS	143,200	147,100	145,800	- 3,900	- 2,600
LUMBER & WOOD PRODUCTS	62,900	65,400	65,200	- 2,500	- 2,300
LOGGING & SAWMILLS	33,000	34,900	34,500	- 1,900	- 1,500
VENEER & PLYWOOD	16,100	16,400	16,900	- 300	- 800
MILLWORK & STRUCTURAL WOOD	8,500	8,800	8,400	- 300	100
MOBILE HOMES	1,500	1,400	1,500	100	0
OTHER WOOD PRODUCTS	3,800	3,900	3,900	- 100	- 100
FURNITURE AND FIXTURES	2,700	2,700	2,800	0	- 100
STONE, CLAY, GLASS & CONCRETE	2,300	2,600	2,500	- 300	- 200
PRIMARY METALS	9,000	9,000	9,200	0	- 200
BLAST FURNACES, IRON & STEEL	5,800	5,700	5,500	100	300
NONFERROUS METALS	3,200	3,300	3,700	- 100	- 500
FABRICATED METALS	11,500	11,500	10,500	0	1,000
FABRICATED STRUCTURAL METALS	6,000	6,000	5,000	0	1,000
OTHER FABRICATED METALS	5,500	5,500	5,500	0	0
MACHINERY	15,400	15,400	16,100	0	- 700
ELECTRICAL EQUIPMENT & SUPPLIES	13,500	13,700	15,000	- 200	- 1,500
TRANSPORTATION EQUIPMENT	8,800	9,600	7,300	- 800	1,500
INSTRUMENTS & RELATED PRODUCTS	14,000	14,100	14,400	- 100	- 400
MISCELLANEOUS MANUFACTURING	3,100	3,100	2,800	0	300
NONDURABLE GOODS	52,900	60,000	52,100	- 7,100	800
FOOD & KINDRED PRODUCTS	23,200	30,000	22,200	- 6,800	1,000
CANNING & PRESERVING	12,900	19,500	11,700	- 6,600	1,200
OTHER FOOD PRODUCTS	10,300	10,500	10,500	- 200	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,200	2,300	2,800	- 100	- 600
PAPER & ALLIED PRODUCTS	9,100	9,200	8,600	- 100	500
PRINTING & PUBLISHING	11,100	11,100	11,000	0	100
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	400	500	500	- 100	- 100
RUBBER & PLASTIC PRODUCTS	2,700	2,700	2,900	0	- 200
LEATHER PRODUCTS	500	500	400	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	NOV. 1985	OCT. 1985	NOV. 1984	CHANGE FROM OCT. 1985	CHANGE FROM NOV. 1984
(CONT.)					
TOTAL NONMANUFACTURING	844,200	843,400	822,600	800	21,700
MINING & QUARRYING	1,400	1,600	1,300	- 200	100
CONSTRUCTION	31,200	34,500	31,000	- 3,300	200
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	56,000	56,000	55,400	0	600
TRANSPORTATION	33,900	34,000	33,100	- 100	800
RAILROAD	5,000	5,100	5,200	- 100	- 200
TRUCKING & WAREHOUSING	18,800	18,700	17,900	100	900
OTHER TRANSPORTATION	10,100	10,200	10,000	- 100	100
COMMUNICATIONS	13,500	13,400	13,700	100	- 200
UTILITIES	8,600	8,600	8,600	0	0
TRADE	267,800	265,100	259,800	2,700	8,100
WHOLESALE TRADE	68,000	68,000	65,600	0	2,500
DURABLE GOODS	39,500	39,200	38,300	300	1,300
NONDURABLE GOODS	28,500	28,800	27,300	- 300	1,200
RETAIL TRADE	199,800	197,100	194,200	2,700	5,600
GENERAL MERCHANDISE	25,900	24,200	26,400	1,700	- 500
FOOD STORES	30,800	30,900	29,300	- 100	1,500
AUTO DEALERS & SERVICE STATIONS	25,000	25,200	24,500	- 200	500
OTHER RETAIL TRADE	118,100	116,800	114,000	1,300	4,100
FINANCE, INSURANCE, & REAL ESTATE	68,800	68,500	66,400	300	2,400
BANKING & CREDIT AGENCIES	23,700	23,500	23,300	200	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	45,100	45,000	43,100	100	2,000
SERVICES	215,200	214,700	206,900	500	8,300
HOTELS & PERSONAL SERVICES	23,400	23,700	23,100	- 300	300
HEALTH SERVICES	70,600	70,300	68,400	300	2,200
OTHER SERVICES	121,200	120,700	115,400	500	5,800
GOVERNMENT	203,800	203,000	201,800	800	2,000
FEDERAL GOVERNMENT	30,000	30,500	29,800	- 500	200
STATE GOVERNMENT	55,800	56,100	56,000	- 300	- 200
EDUCATION	23,400	23,100	23,900	300	- 500
OTHER STATE	32,400	33,000	32,100	- 600	300
LOCAL GOVERNMENT	118,000	116,400	116,000	1,600	2,000
EDUCATION	75,300	73,500	74,400	1,800	900
OTHER LOCAL	42,700	42,900	41,600	- 200	1,100
LABOR-MANAGEMENT DISPUTES	0	100	900	- 100	- 900

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

Oregon's other two indicators, though, remained even more stable, dropping only slightly after several months of improvement. First, the non-agricultural wage and salary employment index dipped just one-tenth of one percent to 110.2 in November. Second, the diffusion index, Oregon's "most leading" indicator, also fell only slightly to 51.2 from 55.4 in October. The point to remember about the diffusion index is that it is volatile and will change from month to month, but if it stays above 50.0 for several months it means that a majority of the industries making up the index are expanding. This second month of "50 plus" in the diffusion index is a positive signal that will bear close scrutiny in coming months.

November's wage and salary employment, when broken out by sector, reveals much more activity than is apparent from the aggregate statistics, as well as what happened to cause these small but important movements in the major economic indicators.

Manufacturing employment, expected to decline at this time of year, lost 11,000 jobs, 3,700 more than normal. Lumber and wood products was hurt by November's record-breaking cold and snowy weather, and lost 1,000 more jobs than seasonally expected. Logging employment took the brunt of that loss.

Most of the remainder of the excess loss of manufacturing jobs came in food and kindred products. An excellent canning season postponed end-of-season cannery layoffs into November, giving processors more production and workers an extra month of work.

The other durable goods manufacturing industries showed mixed employment trends in November, but lost 1,400 jobs overall - twice as many as seasonally expected. The largest change within this group occurred in transportation equipment manufacturing, which lost 800 jobs in November. Employment in this sector, however, is still higher than a year ago by 1,500 jobs.

On the other hand, the electrical equipment and supplies industry, which includes semiconductor manufacturing, dropped by 200 in November, bringing the job loss to 1,500 over the year. Intel Corporation has announced additional layoffs in January, and this, coupled with what these data show, indicates that troubles are not yet over for Oregon's semiconductor and other hi-tech industries.

Nondurable manufacturing industries, other than food and kindred products, lost 300 jobs as a group, which is 200 more than expected for the month. Of these industries, apparel, which lost 100 employed in November, has slipped the most (-600) from November 1984. (For a more detailed analysis of the past year's statewide labor trends, see the "Year in Review - 1985" article appearing later in this issue.)

In the nonmanufacturing sector of Oregon's economy, monthly employment gains were almost as significant as the losses on the manufacturing side. As a whole, nonmanufacturing gained 800 jobs--a whopping 2,300 more than seasonal trends would indicate for the month.

Four nonmanufacturing categories, transportation, communication and utilities; trade; finance, insurance and real estate; and services all reported healthy employment gains after seasonal adjustment. Taken together, these sectors grew 3,500 in employment, 4,500 more than seasonal expectations. Two of these, trade, with 267,800 employees, and services, with 215,200 workers, are at their highest employment level ever - a cause for real celebration! Government employment gained 800, but this was 1,200 less than normal for November.

Only construction, hard hit by the surprise arctic November weather, posted raw employment losses. These equalled 3,300, or 1,000 more than seasonally expected. Even so, this sector is 200 higher than in November 1984.

Last month's economic analysis began a much-needed discussion on the varying fortunes of different areas of the state. The central idea that statistics showing economic recovery do not apply equally everywhere in Oregon was illustrated by a table which compared local area employment levels in two years, 1982 and 1985. These were indexed to a pre-recession year, 1979. The extent of each area's recovery was then compared.

The Employment Division, in addition to gathering, recording and interpreting historical and month-to-month labor market trends, makes employment projections a full five years into the future, both statewide and locally.

Employment Trends and Projections
in Manufacturing and Nonmanufacturing
Oregon: Nonfarm Wage and Salary Employment

	1982	1985	1991
Oregon			
Total W&S	91.0	97.2	109.4
Mfg	81.3	86.7	96.5
Non-Mfg	93.6	100.1	113.0
Willamette Valley			
Total W&S	92.4	98.2	112.8
Mfg.	84.2	86.7	103.2
Non-Mfg	94.5	101.2	115.3
North Coast			
Total W&S	91.1	94.7	104.2
Mfg	71.5	77.8	71.4
Non-Mfg	98.2	100.9	116.2
Southern Oregon			
Total W&S	86.7	95.0	104.0
Mfg	73.4	88.0	87.8
Non-Mfg	91.3	97.4	109.6
Southeastern Oregon			
Total W&S	86.7	88.3	98.4
Mfg	76.3	82.7	88.8
Non-Mfg	90.1	90.1	101.8
Central Oregon			
Total W&S	88.4	100.6	110.9
Mfg	72.5	90.9	101.9
Non-Mfg	92.6	103.2	113.4
Northeastern Oregon			
Total W&S	87.8	89.6	103.9
Mfg	80.5	87.8	93.7
Non-Mfg	89.9	90.1	106.7

Though the data are not perfectly comparable, they are close enough to make the point that the areas of the state which were hurt most in the last recession are the same areas which are projected to have the least growth in the next five years, if current economic trends continue. These areas cannot share in the current growth in trade and service jobs because their manufacturing employment base, upon which other sectors can build, has been diminished. We cannot expect a jolly old elf to bring us any quick solutions to this quandary. It will probably take many years of very slow growth and diversification before these areas are again what they were in the 1970's.

To sum up, a little Christmas cheer is indeed in order because the state's total civilian labor force is 10,000 larger than a year ago, and because this has been Oregon's best year since 1980 when the jobless rate was 6.8%. But we should not forget the implications of the shift in employment to trade and services, the continuing hard times facing many of our basic manufacturing industries and the many communities in the state which still depend upon them.□

YEAR IN REVIEW

Jeff Hannum

"Although the remaining job deficit will not be erased in 1985, Oregon's economy will continue to expand in the year ahead. As in 1984, however, the rate of improvement is expected to be slow, and not all industries or regions of the state will share equally in the gains".

That statement, from the January issue of Oregon Labor Trends ("Economic Outlook - 1985") nearly one year ago pretty well sums up the past year for Oregon's economy.

As expected, Oregon's economic progress proceeded at a snail's pace in 1985, lagging further behind the national trend. Problems in many of the state's basic industries, including agriculture, continued to restrain overall growth, keeping unemployment levels relatively high. Although the unemployment rate for Oregon has dropped sharply in recent months to about 7.5%, the lowest rate in 5-1/2 years, the jobless rate remained above 10% for several months earlier in the year. As a result, unemployment averaged about 9.0% for the year, down only slightly from 9.4% in 1984.

Rural areas within the state, particularly those most dependent on natural resource-based industries such as lumber and wood products and agriculture, did not fare as well as the metropolitan areas with their more diversified economies. Some rural areas even experienced higher unemployment levels in 1985 and/or declines in personal incomes as their basic industries continued to "restructure" or close in the face of weak commodity markets, strong import competition, high costs, and other problems.

While recognizing that statewide employment figures tend to hide often stark contrasts between the relatively prosperous metropolitan areas and the distressed remainder of the state, they do provide a useful yardstick for assessing Oregon's economic progress over the past year. Based on 11 months of data, total nonfarm wage and salary employment in 1985 is expected to average nearly 22,000 (+2.2%) higher than in 1984. Manufacturing, however, did not share in this growth. Jobs in the goods-producing sector fell by about 500 (-0.3%) on an annual average basis in 1985. The November to November manufacturing job loss was even worse (-1,800), indicating that serious problems still persist in a number of basic industries.

Many manufacturing industries are in the process of "restructuring" in the face of weak markets, low prices, high costs, lagging exports and/or stiff competition from imports. Oregon's number one basic industry, lumber and wood products, is a prime example. Employment in this vital industry is expected to average about 64,000 in 1985, a loss of some 2,000 jobs, or 3%, from 1984. The job loss in wood products would have been even larger had it not been for "restructuring" efforts within the industry. This term is applied whenever a high cost/no (or low) profit mill is shut down, sold and reopened by new owners with lower operating costs. In virtually all cases, this process includes some loss of jobs, a substantial reduction (20-30%) in average wage rates for the remaining employees, and often a switch from union to non-union status.

Restructuring was not confined to the wood products industry. There were significant wage adjustments, layoffs and/or plant closures in other basic industries in Oregon over the past year (e.g. aluminum, nickel, computer components, transportation equipment, apparel, etc.) but their impacts, at least statewide, were not as great. In the affected local communities, however, the closure of an aluminum plant (i.e. The Dalles) or other major employer can be devastating, especially if the facility cannot be sold and reopened, thus saving at least some primary jobs.

Many areas in Oregon are heavily dependent on agricultural activity. Depending on who you ask, agriculture is either the first or second most important industry in Oregon. Unfortunately, 1985 was another difficult year for many Oregon farmers and ranchers. Although annual average employment in agriculture held steady at 1984's level (32,000), preliminary data from the OSU Extension Service indicate that gross farm incomes, in general, did not improve. Although it is still too early to determine how farmers fared in terms of their net incomes, the gross value of all 1985 farm sales in Oregon dropped slightly to $1.81 billion.

The lack of significant change in farm incomes statewide, however, masked regional disparities. In Western Oregon, the value of farm sales rose about 8%, while in Eastern Oregon, a decline of 10% occurred. The main pluses on the west side were good sales of grass seed, berries and nursery stock. On the east side, notable sales declines came in cattle and calves, potatoes, onions and wheat. Considering the number and magnitude of the problems currently facing the farm sector (e.g. commodity surpluses, low crop and livestock prices, high debt levels, weak export sales, declining farm and ranch land values, etc.) a quick turnaround in farm prospects is not in the cards.

While 1985 was a tough year for a number of industries in Oregon, there were some that expanded anyway. Food and kindred products gained about 1,200 jobs on an annual average basis in 1985, all of it in canning and preserving. Exceptionally good weather during the growing and harvest seasons is probably the major reason for this industry's strong showing. Although unusually dry weather hurt yields in Eastern Oregon for some crops such as wheat, vegetable crops in Western Oregon were of good quality. Ideal weather this fall also extended the harvest and processing season. Another factor was the improvement in seafood processing this year, as the adverse effects of El Nino on fish landings off the Oregon coast began to dissipate.

Although the numbers of new jobs were not as high as in food processing, employment gains in the 400-600 range were tallied in several other manufacturing industries. These included millwork and structural wood, iron and steel foundries (credit strength in aerospace/defense contracting), fabricated structural metals (pick-up in construction of oil drilling modules) and miscellaneous manufacturing.

In previous years, Oregon's high technology industries, including electronic computing machinery, electrical equipment and supplies, and instruments and related products would have been near the top of the list of expanding industries. Not so in 1985. Annual average employment this year was about the same as in 1984. Weak markets for personal computers and excess inventories of electronic components have caused many high technology firms to curtail production this year through reduced work schedules, extended vacations, attrition and even layoffs. The current slump in the technology industries is even more evident if we look at the change in employment from November to November--machinery (-700), electrical equipment and supplies (-1,500), and instruments and related products (-400).

A major part of the problem facing Oregon's high technology firms, and those in other sectors such as agriculture, is the soaring deficit in our nation's international trade. An over-valued U.S. dollar, propped up by high interest rates and federal budget deficits of $200 billion a year, have made virtually all U.S. exported goods and services very expensive overseas. Imports to the U.S., on the other hand, have become less expensive and much more competitive. The net effects are often reduced market share, lower profits, and less employment in many domestic industries. In some cases, whole manufacturing operations are being relocated overseas to take advantage of lower operating costs.

Part of the solution at the firm level has been to "restructure" operations to reduce costs as much as possible. But these efforts, while they may buy time, will not bring lasting improvement unless the foreign exchange value of the U.S. dollar drops to more realistic levels. Fortunately, the dollar's value declined in 1985, reflecting the downward trend in interest rates. In late September, several major nations joined the U.S. and adopted a policy of active intervention in currency markets so that the dollar's value would drop further. These efforts will eventually benefit many Oregon industries, but the results may not be apparent until well into 1986. Until then, manufacturing employment will probably continue to lose ground, and nonmanufacturing employment will show anemic growth.

Nonmanufacturing, as stated earlier, accounted for virtually all of Oregon's 22,000 new payroll jobs this year. Not surprisingly, over two-thirds of these jobs were created in the trade and service industries. Modest increases were also generated in the construction, finance, insurance and real estate and government sectors. Some of the factors behind these gains include the following:

-continued population growth in Oregon (+15,800) between 1984 and 1985, reflecting natural increase (excess of births over deaths) with virtually no net in-migration.

-strength in heavy construction activity due to increased state and federal funding for highway and bridge projects.

-a good summer tourist season. Between late May and the end of September, the number of visitors to Oregon's seven Welcome Centers increased by 3% over the same period in 1984.

-a willingness on the part of many consumers to accumulate more debt, due in part perhaps to significant declines in interest rates since last spring, and recent sharp declines in Oregon's unemployment rate.

-the Oregon legislative session during the first half of 1985; beginning of the new Oregon Lottery last spring; and federally mandated staff increases at one state institution.

In summary, 1985 was a year of contrasts for Oregon's economy. Although some progress was made statewide in terms of nonfarm payroll employment and unemployment indicators, this improvement was limited and primarily confined to the state's major metropolitan areas. Even in these areas, the economic recovery seemed to stall during the first half of the year, only to pick up momentum in the past few months. Job gains were largely confined to the nonmanufacturing side of the economy, while most manufacturing industries, especially lumber and wood products, plus agriculture struggled through a very difficult year. For those rural communities whose economies are largely based on natural resource industries, the economic gap between urban and rural Oregon grew larger in 1985. Whether this pattern of slow, regionally unbalanced economic growth will continue in Oregon during 1986 will be discussed further in next month's issue of Oregon Labor Trends. □

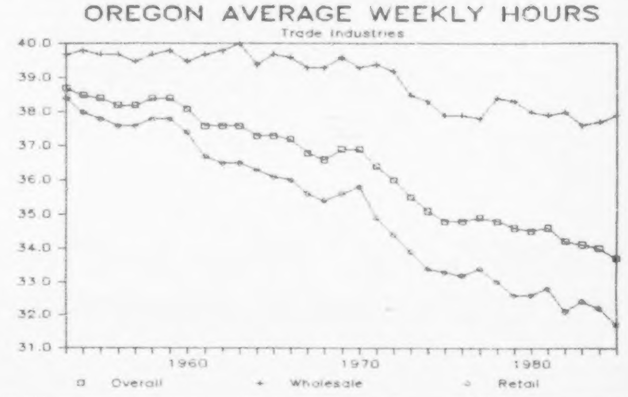
HOURS & EARNINGS

Jason Yohannan

In October, both wholesale and retail trade registered over-the-month declines in average hourly earnings and average weekly hours. The average weekly hours declines were widespread among the various trade industries and represented a continuation of a long-term trend toward shorter workweeks in these industries, as evidenced by the accompanying graph.

In 1953 (the first year hours and earnings statistics became available for trade), the wholesale and retail trade workweek averaged 38.7 hours, with wholesale trade at 39.7 and retail trade at 38.4. This contrasts markedly with October's readings of 33.6, 37.6, and 31.7, respectively. In fact, average weekly hours of wholesale and retail trade workers in 1985 have been below corresponding 1984 levels during seven out of the ten months measured so far this year.

Two major reasons account for the trend toward shorter overall trade workweeks. First, there has been an increasing trend toward part-time work in the retail sector as more and more people enter the part-time labor market either because of the unavailability of full-time work, the need to supplement family income, or simply because of personal choice. Second, the rapid growth of retail trade employment through the years has given the retail sector, which usually includes more of the part-time work described above, a greater proportion of overall trade employment than the wholesale sector. As this occurs, average weekly hours in trade move downward.□



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Oct. 2/ 1985	Sep. 3/ 1985	Oct. 1984	Oct. 2/ 1985	Sep. 3/ 1985	Oct. 1984	Oct. 2/ 1985	Sep. 3/ 1985	Oct. 1984
TOTAL MANUFACTURING 4/	$405.97	$407.68	$397.70	39.3	39.2	38.8	$10.33	$10.40	$10.25
Durable Goods	428.40	428.25	419.10	40.0	39.8	39.5	10.71	10.76	10.61
Lumber & Wood Products	449.15	456.44	441.28	40.5	40.5	39.4	11.09	11.27	11.20
Logging & Sawmills	485.85	488.44	468.83	41.0	40.3	39.2	11.85	12.12	11.96
Veneer & Plywood	433.49	446.76	450.77	40.4	41.1	40.5	10.73	10.87	11.13
Millwork & Struct Wood	349.20	372.19	346.92	38.8	40.9	39.2	9.00	9.10	8.85
Mobile Homes	291.77	303.80	267.52	36.2	35.0	32.0	8.06	8.68	8.36
Other Wood Products	450.46	463.00	430.42	41.1	41.9	39.2	10.96	11.05	10.98
Furniture & Fixtures	336.51	314.59	310.02	40.3	38.6	37.9	8.35	8.15	8.18
Primary Metals	491.26	480.40	478.58	40.6	40.0	41.4	12.10	12.01	11.56
Fabricated Metals	391.82	387.20	390.66	39.9	40.0	39.5	9.82	9.68	9.89
Machinery	417.69	427.39	406.36	39.0	39.5	39.8	10.71	10.82	10.21
Nondurable Goods	354.19	357.40	346.70	37.8	37.7	37.2	9.37	9.48	9.32
Food & Kindred Products	289.90	286.01	282.00	37.6	37.0	36.2	7.71	7.73	7.79
Canning & Preserving	253.93	240.37	236.86	37.9	36.2	35.3	6.70	6.64	6.71
Other Food Products	383.57	405.34	395.40	36.6	38.9	38.5	10.48	10.42	10.27
Textile Mill Products	235.22	221.48	214.68	38.0	35.1	35.9	6.19	6.31	5.98
Apparel	214.70	212.44	205.53	37.6	37.8	37.1	5.71	5.62	5.54
Paper & Allied Products	593.27	615.08	582.83	41.0	41.7	41.9	14.47	14.75	13.91
Printing & Publishing	389.55	389.06	396.48	35.0	34.8	35.4	11.13	11.18	11.20
Construction 4/	497.76	482.59	484.61	36.6	35.2	33.7	13.60	13.71	14.38
Communications & Utilities 5/	497.32	508.79	498.80	40.4	41.5	40.0	12.31	12.26	12.47
Trade 5/	275.52	291.53	283.41	33.6	34.5	33.5	8.20	8.45	8.46
Wholesale Trade	375.62	399.85	384.05	37.6	38.3	37.8	9.99	10.44	10.16
Retail Trade	227.29	239.69	235.62	31.7	32.7	31.5	7.17	7.33	7.48
Banking & Insurance	284.25	291.84	273.35						
State & Local Government	341.03	356.40	325.75						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

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OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

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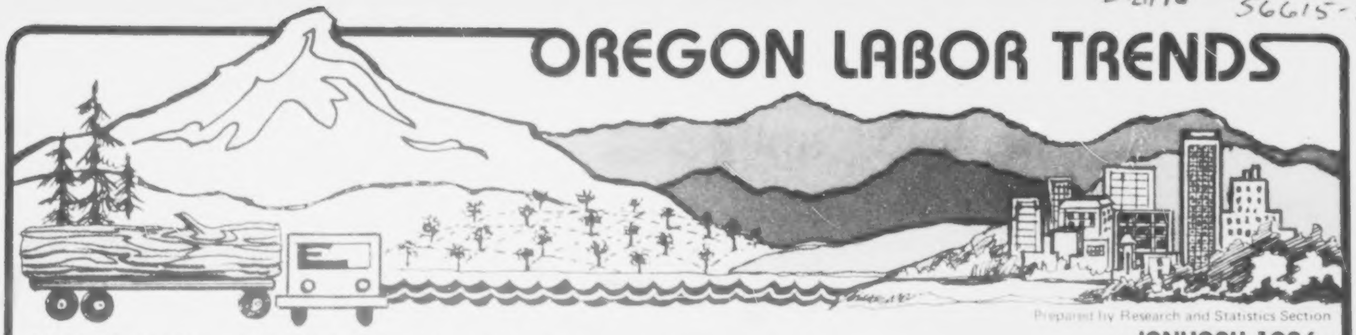


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

JANUARY 1986

DECEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Dec.	1985	7.4
Nov.	1985	7.6
Dec.	1984	9.2

U.S

Dec.	1985	6.9
Nov.	1985	7.0
Dec.	1984	7.2

WAGE AND SALARY EMPLOYMENT INDEX

Oregon 1977=100

Dec.	1985	110.7
Nov.	1985	110.4
Oct.	1985	110.3
Sep.	1985	109.2
Aug.	1985	109.4

DIFFUSION INDEX

Oregon

Dec.	1985	58.2
Nov.	1985	51.6
Oct.	198	55.4
Sep.	1985	47.3
Aug.	1985	45.7

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Nov.	1985	38.8
Oct.	1985	39.4
Nov.	1984	38.4

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA

Nov. 1985	317.1
Yearly Change	+ 4.0%

U.S.

Dec. 1985	327.4
Yearly Change	+ 3.8%

Portland Hotline 221-4132

YEAR END GAINS—A PRELUDE TO 1986?

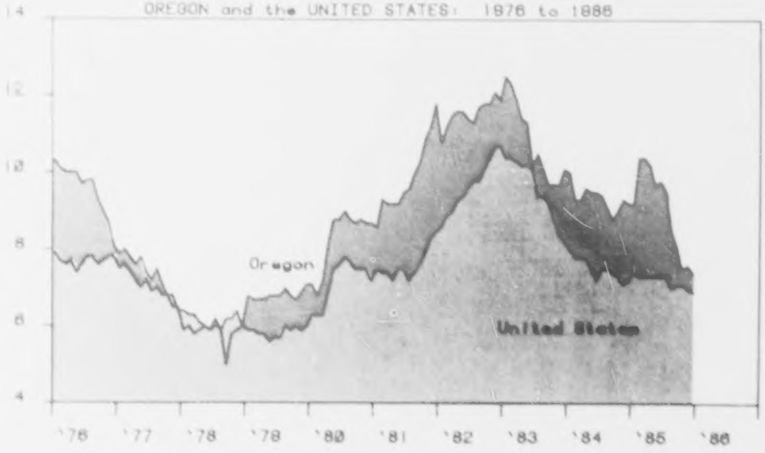
Jeff Hannum

1985

You might not believe this if you live in rural Oregon, but its true....the nation's economic recovery is now entering its fourth year! If improvement continues through 1986, which is likely, this will rank as one of the longest peacetime expansions since the 1940s. Although Oregon's recovery since the 1980-82 recession period hasn't exactly been the economic equivalent of Halley's Comet, we too are entering the fourth year of economic expansion.

For awhile, especially during the first half of 1985, it looked like Oregon's less than stellar economy had somehow bumbled into a "black hole". The seasonally adjusted unemployment rate had risen sharply from 9.2% in December 1984 to 10.4% in February and March. Despite some slight improvement in the second quarter, the jobless rate averaged about 10% for the first half of the year. Compared to 1984, when unemployment averaged 9.4%, this was not a very hopeful sign. The situation didn't look any better based on trends in the non-farm wage and salary employment index or the diffusion index. The employment index peaked in February at 109.6, then begar to lose ground each month, falling nearly one full point by mid-summer. The diffusion index displayed a similar trend. It peaked at 57.0 in January and February, then declined almost every month until July, when it reached a low of 45.3.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	DEC. 1985 1/	NOV. 1985 2/	CHANGE	% CHANGE	DEC. 1984 5/
CIVILIAN LABOR FORCE 3/	1,343,900	1,346,400	- 2,500	- 0.2	1,331,700
UNEMPLOYMENT	104,700	101,900	2,800	2.7	128,100
PERCENT OF LABOR FORCE	7.8	7.6	XXX	XXX	9.6
SEASONALLY ADJUSTED PERCENT	7.4	7.6	XXX	XXX	9.2
TOTAL EMPLOYMENT 4/	1,239,200	1,244,500	- 5,300	- 0.4	1,203,600

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	DEC. 1985 1/	NOV. 1985 2/	DEC. 1984	CHANGE FROM NOV. 1985	CHANGE FROM DEC. 1984
TOTAL 3/	1,036,200	1,042,900	1,015,500	- 6,700	20,700
WAGE & SALARY EMPLOYMENT INDEX 4/	110.7	111.4	108.5	XXX	XXX
DIFFUSION INDEX 5/	30.2	31.6	55.4	XXX	XXX
TOTAL MANUFACTURING	193,300	198,500	195,000	- 5,200	- 1,700
DURABLE GOODS	143,500	145,000	144,500	- 1,500	- 1,000
LUMBER & WOOD PRODUCTS	61,600	65,900	62,800	- 4,300	- 1,200
LOGGING & SAWMILLS	32,600	35,700	33,500	- 3,100	- 900
VENEER & PLYWOOD	16,200	16,300	16,700	- 100	- 500
MILLWORK & STRUCTURAL WOOD	8,600	8,600	8,400	0	200
MOBILE HOMES	1,400	1,500	1,300	- 100	100
OTHER WOOD PRODUCTS	2,800	2,800	2,900	0	- 100
FURNITURE AND FIXTURES	2,600	2,700	2,800	- 100	- 200
STONE, CLAY, GLASS & CONCRETE	2,300	2,300	2,400	0	- 100
PRIMARY METALS	9,000	9,000	9,000	0	0
BLAST FURNACES, IRON & STEEL	5,600	5,600	5,300	0	300
NONFERROUS METALS	3,200	3,200	3,500	0	- 300
FABRICATED METALS	11,600	11,700	10,400	- 100	1,200
FABRICATED STRUCTURAL METALS	6,200	6,200	5,000	0	1,200
OTHER FABRICATED METALS	5,400	5,500	5,400	- 100	0
MACHINERY	15,400	15,400	16,100	0	- 700
ELECTRICAL EQUIPMENT & SUPPLIES	13,600	13,600	14,900	0	- 1,300
TRANSPORTATION EQUIPMENT	9,300	9,300	7,800	0	1,500
INSTRUMENTS & RELATED PRODUCTS	14,000	14,000	14,500	0	- 500
MISCELLANEOUS MANUFACTURING	4,100	4,100	3,800	0	300
NONDURABLE GOODS	49,800	53,500	50,500	- 3,700	- 700
FOOD & KINDRED PRODUCTS	20,000	23,700	20,600	- 3,700	- 600
CANNING & PRESERVING	9,800	13,400	10,100	- 3,600	- 300
OTHER FOOD PRODUCTS	10,200	10,300	10,500	- 100	- 300
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,300	2,200	2,700	100	- 400
PAPER & ALLIED PRODUCTS	9,100	9,100	8,900	0	200
PRINTING & PUBLISHING	11,200	11,100	11,100	100	100
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	400	500	300	- 100	100
RUBBER & PLASTIC PRODUCTS	2,600	2,700	2,800	- 100	- 200
LEATHER PRODUCTS	500	500	400	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	DEC. 1985	NOV. 1985	DEC. 1984	CHANGE FROM NOV. 1985	CHANGE FROM DEC. 1984
(CONT.)					
TOTAL NONMANUFACTURING	847,900	849,400	825,500	- 1,500	22,400
MINING & QUARRYING	1,300	1,500	1,300	- 200	0
CONSTRUCTION	30,100	30,900	29,700	- 800	400
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	56,100	55,500	55,100	600	1,000
TRANSPORTATION	34,200	33,500	32,900	700	1,300
RAILROAD	4,900	5,000	5,200	- 100	- 300
TRUCKING & WAREHOUSING	19,100	18,400	17,700	700	1,400
OTHER TRANSPORTATION	10,200	10,100	10,000	100	200
COMMUNICATIONS	13,300	13,400	13,600	- 100	- 300
UTILITIES	8,600	8,600	8,600	0	0
TRADE	270,200	268,400	261,300	1,800	8,900
WHOLESALE TRADE	67,900	68,300	65,600	- 400	2,300
DURABLE GOODS	39,500	39,500	38,400	0	1,100
NONDURABLE GOODS	28,400	28,800	27,200	- 400	1,200
RETAIL TRADE	202,300	200,100	195,700	2,200	6,600
GENERAL MERCHANDISE	27,500	26,300	26,900	1,200	600
FOOD STORES	31,000	30,900	29,500	100	1,500
AUTO DEALERS & SERVICE STATIONS	24,500	24,900	24,500	- 400	0
OTHER RETAIL TRADE	119,300	118,000	114,800	1,300	4,500
FINANCE, INSURANCE, & REAL ESTATE	68,500	68,400	66,500	100	2,000
BANKING & CREDIT AGENCIES	23,600	23,600	23,300	0	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	44,900	44,800	43,200	100	1,700
SERVICES	209,200	209,500	201,600	- 300	7,600
HOTELS & PERSONAL SERVICES	17,900	18,100	17,800	- 200	100
HEALTH SERVICES	71,000	70,400	68,200	600	2,800
OTHER SERVICES	120,300	121,000	115,600	- 700	4,700
GOVERNMENT	212,500	215,200	210,000	- 2,700	2,500
FEDERAL GOVERNMENT	30,100	30,200	29,900	- 100	200
STATE GOVERNMENT	64,900	66,400	64,800	- 1,500	100
EDUCATION	33,100	33,800	33,200	- 700	- 100
OTHER STATE	31,800	32,600	31,600	- 800	200
LOCAL GOVERNMENT	117,500	118,600	115,300	- 1,100	2,200
EDUCATION	75,100	75,900	74,100	- 800	1,000
OTHER LOCAL	42,400	42,700	41,200	- 300	1,200
LABOR-MANAGEMENT DISPUTES	0	0	600	0	- 600

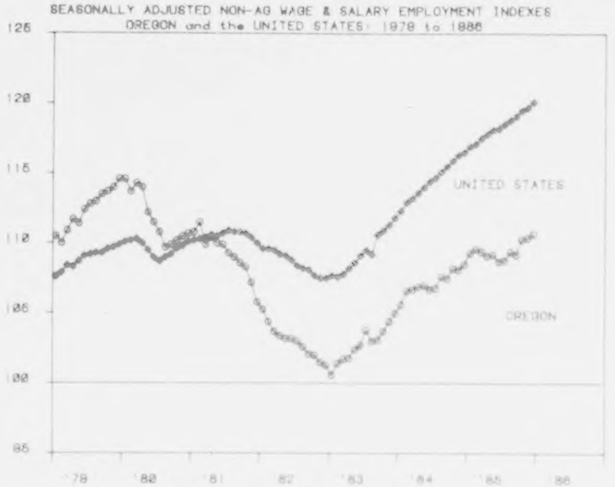
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



During the third quarter, however, the state's economic pause bottomed out, and all three of these labor market indicators began to signal a turnaround. In the fourth quarter, Oregon's economy appeared to get back on track and was re-gaining some of the momentum that had been lost earlier in 1985.

In fact, the best month of the whole year, at least in terms of the labor market, was December. This may not be very apparent when pondering all the numbers in the December labor force table, but it is clear when you look at the accompanying graphs showing the trends in Oregon's seasonally adjusted unemployment rate (page 1), nonfarm employment index (page 4) and diffusion index (page 5). Following are some of December's highlights:

-Oregon's unemployment rate (seasonally adjusted) dropped to 7.4% from 7.6% in November. Not since March 1980 (7.2%), nearly six years ago, has the rate been this low. Although the gap between Oregon's and the nation's jobless rates narrowed significantly during the second half of 1985, Oregon's rate remains higher than the U.S. rate, which slipped by 0.1 to 6.9% in December.

-Despite a seasonal increase of 2,800 over the month, the actual number of unemployed workers in Oregon (104,700) was at the lowest December level since 1979.

-The nonfarm employment index (a measure of the number of people on payrolls now, compared to the 1977 = 100 base period) rose by 0.3 to 110.7, its highest mark since January 1984.

-Oregon's diffusion index, which shows the percentage of industries which are expanding based on seasonally adjusted employment, surged to 58.2 from 51.6 in November, the indicator's best performance since May 1984.

-Manufacturing employment, led by job declines in food products and lumber and wood, fell by 5,200 in December. Although this drop was 700 more than seasonally expected, it was due primarily to later than usual timing of food processing layoffs, and so was not really a negative factor. Lumber and wood products layoffs were 800 less than anticipated due to lower interest rates and favorable December weather.

-Nonmanufacturing employment displayed a familiar pattern. At a time of year when a drop of nearly 5,000 nonmanufacturing jobs is expected, mostly in construction and state and local government, a decline of only 1,500 occurred. Nearly all of the major nonmanufacturing categories contributed to this solid performance. December's cold, but clear, dry weather played an important part, benefiting a number of industries, especially construction and transportation, communication and utilities. The transportation industry had its strongest month in quite some time due to increased holiday demands for movement of freight and air travelers. Promotion of discount air fares, coupled with the diversion of air traffic to Portland from the fog-bound Seattle area during December, helped to further boost transportation-related employment.

Although these December highlights offer encouraging signs that Oregon's economy is continuing to emerge from its premature hibernation last winter, the fact remains that there is still a long way to go before we can say that Oregon has fully recovered from the 1980-82 recession period. Consider, for example, the following facts:

-In the third year of economic recovery, Oregon's annual average unemployment rate was 9.0% in 1985. This was not only higher than the 6.8% rate in the pre-recession year of 1979, but it was also above the 8.3% rate of 1980, the first year of Oregon's long recession.

-nonfarm payroll employment this December (1,036,200) was 6,000 below December 1980 and 40,000 below the December 1979 level. Both manufacturing (-33,800) and nonmanufacturing (-6,300) were below their December 1979 employment peaks.

-the economic recovery to date has been very imbalanced in terms of both industries and geographic regions affected. Major metropolitan areas, especially the Portland PMSA, have fared much better generally than have less urbanized, or rural, areas of Oregon. This primarily reflects the different industrial characteristics of these areas. Most non-metropolitan areas have less diversified economies. Usually they are heavily dependent on one or two manufacturing industries, especially lumber and wood products, and/or agriculture to generate the bulk of local income. These industries, however, are continuing to experience market problems and severe competition from abroad, due in part to the overvalued dollar. Most job gains have come primarily in nonmanufacturing industries, such as trade, finance and services, and these activities are centered in the metropolitan areas.

Underscoring the uneven nature of Oregon's economic recovery was the announcement last fall by the U.S. Department of Labor that 25 Oregon counties, plus the nonmetropolitan portion of Lane County, were being designated, due to high unemployment, as federal "labor surplus areas" for the current fiscal year (see Oregon Labor Trends, Oct. 1985).

More recently, a similar designation was made by the Oregon Economic Development Commission in December identifying 18 counties plus two other local areas as state "economically lagging areas". These designations were made based on an analysis of data on unemployment, median income and population growth, in comparison to statewide rates. Although such designations are made in the context of specific federal or state assistance programs, they do remind us that economic prosperity still eludes a large number of communities in Oregon.

1986

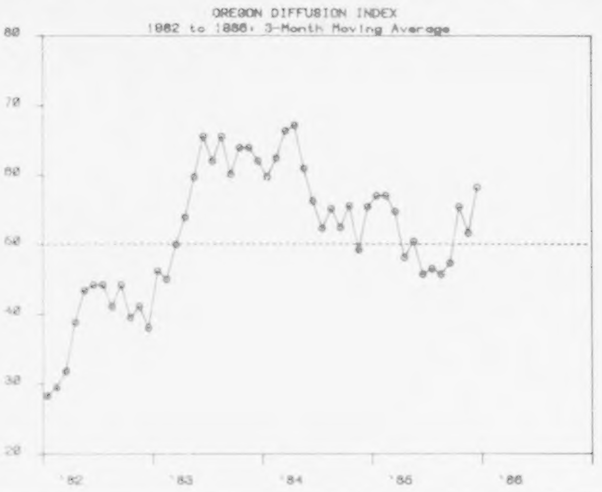
Despite persistent problems in some industries and regions of the state, Oregon's overall economy should continue to expand in 1986. The pattern of growth will probably be very similar to that of 1985. Nonfarm payroll employment is likely to rise by nearly two percent (15,000-20,000), with virtually all of the gains again coming in the nonmanufacturing sector of the economy, especially services and trade. Little, if any, expansion is anticipated in manufacturing. Last year's pattern of a weaker first half economy followed by a stronger second half is also likely to be repeated. One important implication of this near-mirror image scenario is that the sharp contrast in business conditions between urban and rural areas of Oregon will not only persist in 1986, but may even grow wider.

Oregon's economy during the next year will be influenced to a large extent by national and even international economic conditions. Things like Gramm-Rudman, U.S. budget and trade deficits, crop surpluses, the Federal Reserve, the foreign exchange value of the dollar, and the price of OPEC oil may boggle the mind and seem remote. But they have at least one thing in common---all of them will impact Oregon's economy in 1986.

It's impossible to cite, or even foresee, all the factors that will significantly affect Oregon in the year ahead. Some of the more important trends and/or economic assumptions behind the outlook for continued, modest recovery for Oregon include the following:

The U.S. economy will grow at about the same pace in 1986 as it did in 1985 (+2.3% real GNP). The recent passage of Gramm-Rudman promises to erase annual federal budget deficits by 1991 through either spending cuts, tax increases or a combination of both. Although government spending at all levels will soon feel the effects of the Gramm-Rudman budget ax, federal spending in 1986 will still greatly exceed revenues. But while across-the-board spending cuts will begin in March, any tax increases will probably be delayed until 1987. One possible exception might be an energy tax increase, such as an oil import fee or higher gasoline taxes at the pump. The dramatic decline in world oil prices in the past few months will not only boost U.S. economic growth while keeping inflation in check, but it may also offer one of the least painful ways to reduce the budget deficit.

The recent drop in oil prices reinforces an already favorable outlook for inflation. Consumer prices are likely to rise by only 3 to 4% in 1986. Stable food prices and interest rates, modest wage gains, and stiff competition from imported goods will help to offset relatively high rates of inflation for medical and other services.



One of the main reasons for low inflation in the past couple of years has been the high foreign exchange value of the dollar. While this situation has benefited consumers in the short run by making imported goods cheaper, it has exacted a heavy toll on jobs and profits in U.S. industries that export goods and/or compete with imports here at home. Many of these industries are now in the process of restructuring their operations in order to slash costs and increase efficiency.

In 1986, however, a change may be in the offing. During the past year, the dollar's foreign exchange value has fallen by 20-25%, due to lower U.S. interest rates and a concerted effort by the U.S. and its allies to force the dollar lower. Many analysts expect a further drop of 10-15% in the dollar's value during 1986. This decline, coupled with more efficient operations, should begin to benefit domestic industries by the second half of 1986.

Oregon should also benefit from a softer dollar and the decline in interest rates since last year. Lower interest rates, especially for home mortgages, should help to sustain U.S. housing starts at about last year's level of 1.73 million. Although demand for lumber and plywood may increase a little in 1986, wood product markets are expected to remain weak due to excess capacity and stiff competition from producers in other parts of the U.S. and Canada. Unfortunately for Oregon, Canadian softwood lumber imports to the U.S. will continue to account for a major share of the market. In part, this is because the dramatic decline in the value of the U.S. dollar in the past year has been largely offset by a parallel drop in the Canadian dollar.

Another problem facing many wood products companies and workers in Oregon is the expiration of labor contracts in June. Since these companies will be seeking large wage and benefit concessions from workers, the potential exists for a number of labor disputes, layoffs, or plant shutdowns during the first half of the year.

The outlook for Oregon's agricultural industry in 1986 is also one of little improvement. Better markets for livestock and for some crops grown mostly in the Willamette Valley are expected. For many farmers, however, 1986 will be another tough year of depressed markets due to commodity surpluses and foreign competition. Farm incomes may also be hurt by the new farm bill which will reduce federal price supports for certain crops over the next several years. Greater reliance on market forces, it is hoped, will eventually reduce commodity surpluses and improve prices for many farm products. This will take a few years, however, and in the meantime, many farmers and ranchers will be hard-pressed just to hold onto their farms.

Another important sector of Oregon's economy which has fallen on hard times in the past year and a half is "high technology" manufacturing. This sector, actually a diversified group of industries making various products from semi-conductors to computers to scientific instruments, is still in a slump. Although two new companies plan to start production during the first half of 1986, they will be more than offset by a large plant closure and related layoffs early this year. Many analysts are predicting a turnaround for the computer industry during the second half of 1986. Before this occurs, however, employment in high technology manufacturing is expected to slip a little further.

The timing of the rebound in high tech and other manufacturing industries will be determined by a number of factors. A few, in particular, will be the rate of improvement in exports versus imports, and the strength of business investment and consumer spending in 1986. Although the rates of increase will continue to slow, spending by consumers and business firms in 1986 is expected to show modest gains. However, record levels of installment debt coupled with low savings may exert a powerful drag on spending later this year if consumer confidence drops. If it does, and if the economy begins to falter in 1986, the Federal Reserve will foster lower interest rates in order to prevent a new recession. Federal budget deficits always rise during recessions, and with so much red ink flowing already, a new recession would be disastrous.

The net effect of all these factors, then, on Oregon's 1986 economic prospects will be positive, resulting in modest improvements on both the employment and unemployment fronts. Services and trade, which may receive an extra boost this year from World's Fair and Canada-bound tourists, will once again outperform all other industries.□

AGRICULTURE IN OREGON

William Street

(Editor's Note: Mr. Street is the Employment Division's Labor Market Economist for Eastern Oregon stationed in LaGrande.)

> Home, home on the range,
> Where the mortgage grows larger many ways.
> Where seldom is heard an encouraging word,
> And, the interest payments come due every day.

While it used to be hard to keep them down on the farm once they've seen Paree, now it's the profit and loss statement which sends them a packin'. The days of worrying about the weather and yields seem to have been replaced with debt stress and the re-financing blues. Once, to become a farmer, one needed to have the courage to rob a bank; now, what is required is enough money to start one.

Agriculture in Oregon, as elsewhere, is finding itself squeezed between accelerating production costs and falling commodity prices. Either one of these two conditions is sufficient to cause an agricultural crisis, but combined they form a knockout punch.

Production costs began to accelerate during the late 1960s. By 1979, production costs represented 79.7% of total agricultural cash receipts. These continued to rise so much that by 1983 they totaled 84.7% of total cash receipts. Preliminary data for 1984 and 1985 suggest that the trend is continuing. The margin for error in Oregon agriculture is becoming increasingly narrow.

During the 1980s total cash receipts have declined. Between 1982 and 1983, total cash receipts declined in Oregon by 3.6%, or 81.8 million dollars. Initial estimates for 1984 and 1985 show that income continued to fall for several counties and various agricultural commodities. Let's look at just a few instances. Between 1984 and 1985, county agricultural income dropped by $2 million in Baker County, $1.7 million in Grant County, and $21 million in Malheur County, giving this county its lowest total since 1961 (when adjusted for inflation).

The decline of income and the escalation of production costs has propelled debt to the forefront of the farm crisis. While many Oregon farmers, ranchers, and growers managed to avoid the harsher aspects of the debt crisis by missing out on land speculation during the mid-1970s, the state still had a FmHA farm loan delinquency rate of 40% last year. This was slightly above the national average of 32%. With lower commodity prices and less income, this rate will probably increase.

One aspect of the debt crisis is that the financial rules of the game were radically changed during the past few years. This financial change came too rapidly for many farmers. Interest rates to farm borrowers have historically been low and stable. But the deregulation of financial markets and national economic policy changes have created high inflation-adjusted interest rates. These higher interest rates, in turn, increase production costs and, worse, intensify debt service burdens of farmers who borrowed heavily when interest rates were much lower. Nationally, the worst debt stress is concentrated among the nation's 675,000 commercial scale family farms. Current estimates place farm debt at $43 billion.

(continued on page 8)

HOURS & EARNINGS

Jason Yohannan

The Hours & Earnings article in the October issue of Oregon Labor Trends suggested that the manufacturing average hourly earnings series should be watched closely in upcoming months to see how employees' wages have been affected by fierce international competition. Just how have Oregon workers fared in 1985 in terms of pay?

Although one of the best measures, 1985 annual average hours and earnings, is not yet available, one way to answer this question is to compare the industries tracked on our monthly table with their corresponding 1984 pay levels. The results of this comparison are shown in the accompanying table.

The most striking statistic from the table is the complete shutout for the construction industry. In every month, none of the average hourly earnings posted for construction were higher than 1984 levels. So, although construction employment has made some gains in 1985, the gains have come at a price, with wages falling in 1983, 1984, and again in 1985. Most other industries have seen improved earnings for the year, especially banking & insurance and state & local government. Average weekly earnings in both have been higher than 1984 in each month of the year.

The above analysis only measured the number of months where wages have increased. A more complete analysis of the level of increases will be possible later when annual averages are available. With the competition mentioned earlier and a Consumer Price Index running in the 3-4% range, those levels should not be expected to be very high.□

Over-the-year wage increases for selected industries, 1984-1985

	J	F	M	A	M	J	J	A	S	O	N	D	#	%
Total Manufacturing	+	+	+	+	+	+	-	-	+	+	+	x	9	82
Durable Goods	+	+	+	+	+	+	-	-	+	+	+	x	9	82
Lumber & Wood Products	+	+	+	-	+	+	-	-	-	-	+	x	7	64
Nondurable Goods	+	+	+	+	+	-	+	-	+	+	-	x	8	73
Food & Kindred Products	+	+	+	+	+	-	+	-	+	-	-	x	7	64
Construction	-	-	-	-	-	-	-	-	-	-	-	x	0	0
Communications & Utilities	-	+	+	+	+	+	+	-	-	-	-	x	6	55
Trade	+	+	+	+	+	+	-	+	-	-	-	x	7	64
Wholesale Trade	-	+	+	-	+	+	-	+	+	-	+	x	7	64
Retail Trade	-	+	+	+	+	+	+	+	[illegible]	-	-	x	8	73
Banking & Insurance	+	+	+	+	+	+	+	+	+	+	+	x	11	100
State & Local Government	+	+	+	+	+	+	+	+	+	+	+	x	11	100

+ = over-the-year increase in earnings
- = over-the-year decrease in earnings
# = number of months of increased earnings
% = percentage of months showing an increase

Wage comparisons use average hourly earnings except in banking & insurance and state & local government, which use average weekly earnings.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Nov. 2/ 1985	Oct. 3/ 1985	Nov. 1984	Nov. 2/ 1985	Oct. 3/ 1985	Nov. 1984	Nov. 2/ 1985	Oct. 3/ 1985	Nov. 1984
TOTAL MANUFACTURING 4/	$407.40	$407.40	$399.36	38.8	39.4	38.4	$10.50	$10.34	$10.40
Durable Goods	421.74	428.80	413.83	39.6	40.0	39.3	10.65	10.72	10.53
Lumber & Wood Products	443.77	453.10	430.68	39.8	40.6	38.8	11.15	11.16	11.10
Logging & Sawmills	470.05	489.95	449.92	39.5	41.0	38.0	11.90	11.95	11.84
Veneer & Plywood	446.90	439.15	453.58	41.0	40.7	40.9	10.90	10.79	11.09
Millwork & Struct Wood	357.75	354.76	347.38	39.4	39.2	38.9	9.08	9.05	8.93
Mobile Homes	279.72	304.92	283.03	33.3	36.0	34.1	8.40	8.47	8.30
Other Wood Products	450.25	447.72	421.96	40.6	41.0	38.5	11.09	10.92	10.96
Furniture & Fixtures	342.76	335.60	306.18	41.0	40.0	37.8	8.36	8.39	8.10
Primary Metals	505.91	498.78	503.01	41.4	41.6	42.7	12.22	11.99	11.78
Fabricated Metals	376.75	381.97	388.28	38.8	39.5	39.3	9.71	9.67	9.88
Machinery	421.88	416.23	404.64	39.8	38.9	39.4	10.60	10.70	10.27
Nondurable Goods	367.19	353.05	360.72	36.5	37.8	36.0	10.06	9.34	10.02
Food & Kindred Products	295.32	289.13	288.62	34.5	37.5	33.6	8.56	7.71	8.59
Canning & Preserving	231.28	254.60	228.70	31.9	38.0	31.2	7.25	6.70	7.33
Other Food Products	402.74	381.11	393.21	38.8	36.4	37.7	10.38	10.47	10.43
Textile Mill Products	201.86	229.82	228.98	33.2	37.8	38.1	6.08	6.08	6.01
Apparel	206.27	204.98	200.93	37.3	37.0	36.4	5.53	5.54	5.52
Paper & Allied Products	587.89	592.86	589.47	40.6	41.0	41.6	14.48	14.46	14.17
Printing & Publishing	393.13	387.45	408.24	36.1	35.0	36.0	10.89	11.07	11.34
Construction 4/	464.77	490.82	463.46	34.3	35.8	32.8	13.55	13.71	14.13
Communications & Utilities 5/	511.70	502.63	507.32	41.1	40.6	40.2	12.45	12.38	12.62
Trade 5/	276.89	280.38	281.05	33.4	33.7	33.3	8.29	8.32	8.44
Wholesale Trade	387.00	380.14	377.48	37.5	37.6	37.3	10.32	10.11	10.12
Retail Trade	224.20	231.82	235.50	31.4	31.8	31.4	7.14	7.29	7.50
Banking & Insurance	293.39	283.48	274.83						
State & Local Government	341.32	339.86	324.80						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

While conditions differ for each commodity group, 1985 was a bad year for many. Wheat yields were lower and so was the price. Since higher yields have been the grower's major buffer against low prices, the low yields in 1985 will adversely affect many growers. Cattle ranchers continue to liquidate stock to cover debt and operating expenses. Nationally, herd size is approaching a 20 year low. In Oregon, as many as 300 persons could be forced out of the industry during the next few years. Row crops have also had a difficult year. The price for fresh market potatoes fell after a three year increase, while the average price of onions plummeted to approximately $5 per hundred pounds, with an average production cost of $7 per hundred pounds.

For rural agricultural communities, this loss of both income and profits means far fewer dollars in the local economy during the next year. This decline in income will not be limited to farm families, farm merchants, or even farm communities. As the debt crisis worsens, financial institutions will also share in the burden, as will the state, and eventually the urban areas. Agricultural income represents a major source of capital for Oregon, some of which is used to build office towers in Portland and fund service sector jobs in Salem. The plight of the agricultural community, now isolated in rural areas, is about to break out to the next level of the circle. Just as concentric circles spread out from a pebble landing in a farm pond, the adverse consequences of the farm crisis will begin to spread statewide.

Improved prices for farm commodities in 1986 could go a long way to mitigate the debt crisis. A falling dollar also will definitely help make Oregon agricultural products more competitive. Likewise, the growing shift in farm management policy away from maximum production to the idea of optimal production will assist in the overproduction problem. Unfortunately, no single policy or concept will solve the problems. As is usually the case, the transition will be both costly and unpredictable. An awareness of the problem by all of the state's residents, both urban and rural, will make policy solutions at the state level more politically feasible. The choice facing us is similar to that posed by the advertisement for purchasing regular oil changes for automobiles....we can either pay a little now, or a lot more later.

While it is difficult to find a farmer who will acknowledge a good year (even in good years), current farm problems should not be viewed like Peter and the Wolf. The wolf is very real, the employment consequences large. As much as it stretches the imagination to picture a silicon forest, it is even harder to imagine a silicon omelette, let alone try to eat one.□

EMPLOYERS' CORNER—FOOD STAMP INTERCEPT OF UI BENEFITS

Dorothy Monnier

The recently enacted Farm Bill (P.L. 99-198) includes a surprise for the Unemployment Insurance (UI) System . . . . a provision permitting states to deduct food stamp overissuances from UI benefits. The legislation is modeled on current law that requires states to deduct child support obligations from UI benefits.

The new law permits, rather than requires, states to make deductions for food stamp overissuances. There will likely be pressure from the state agency administering the food stamp program to do so.

This provision originated with the agriculture committees, which technically have no jurisdiction to amend the Social Security or Wagner-Peyser Acts. However, in the confusion at the end of the 85' session of the U.S. Congress, neither the House Ways and Means nor Senate Finance Committees objected to the provision.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
FEBRUARY 1986

JANUARY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
Jan.	1986	7.6
Dec.	1985	7.4
Jan.	1985	9.2
U.S.		
Jan.	1986	6.7
Dec.	1985	6.9
Jan.	1985	7.4

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Jan.	1986	111.8
Dec.	1985	111.2
Nov.	1985	111.0
Oct.	1985	111.0
Sep.	1985	109.9

DIFFUSION INDEX

Oregon		
Jan.	1986	50.0
Dec.	1985	55.8
Nov.	1985	52.3
Oct.	1985	56.6
Sep.	1985	46.9

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Dec.	1985	39.1
Nov.	1985	38.5
Dec.	1984	39.8

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA		
Jan. 1986		321.3
Yearly Change	+	4.7%
U.S.		
Jan. 1986		328.4
Yearly Change	+	3.9%
Portland Hotline		221-4132

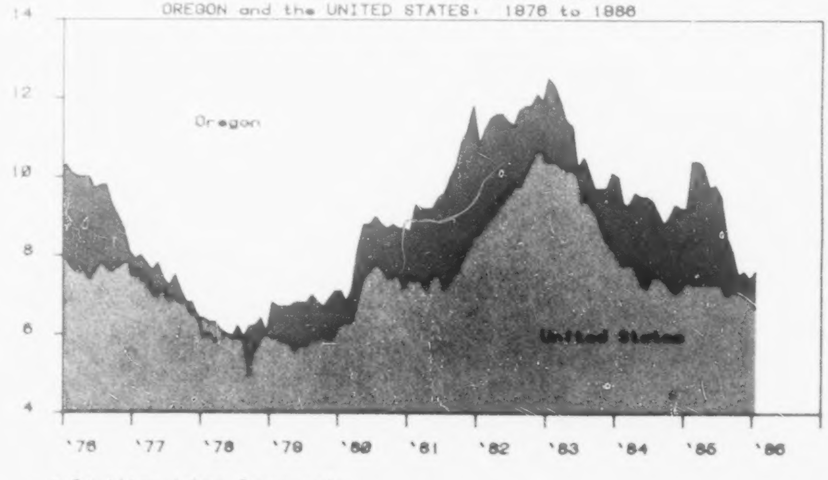
A RESOLUTION FOR ECONOMIC RECOVERY

Art Ayre

During a large part of 1985, Oregonians wondered when the national recovery would reach this state's economy. Our traditional manufacturing industries and agriculture, so badly bruised by the many economic changes which accompanied the recession, continued to suffer in the new economic climate. However, as 1985 drew to a close and 1986 began, a change in Oregon's posture became apparent.

This change hasn't been in the nature of a sudden and awe-inspiring turnaround, nor has it blessed all sections of the state equally, as mentioned in earlier articles. But slowly, perhaps tentatively, something which has the appearance of a budding recovery has been occurring in Oregon. January's employment statistics serve as evidence that Oregonians have resolved to meet the challenges of the post-recessionary economy and are slowly beginning to move mountains. Nonfarm wage and salary employment, which normally drops by about 24,000 in January, fell only 19,000. Equally good news is that total nonagricultural wage and salary employment is now 25,500 above that of January 1985. These figures are based on our latest benchmark, which revises industry employment estimates for 1984 and 1985. An article which appears later in this issue of Labor Trends discusses the impact of these employment revisions on various industries.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES, 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	JAN. 1986 1/	DEC. 1985 2/	CHANGE	% CHANGE	JAN. 1985 5/
CIVILIAN LABOR FORCE 3/	1,321,400	1,342,000	- 20,600	- 1.5	1,325,600
UNEMPLOYMENT	116,600	105,100	11,500	10.9	137,700
PERCENT OF LABOR FORCE	8.8	7.8	XXX	XXX	10.4
SEASONALLY ADJUSTED PERCENT	7.6	7.4	XXX	XXX	9.2
TOTAL EMPLOYMENT 4/	1,204,800	1,236,900	- 32,100	- 2.6	1,187,900

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	JAN. 1986 1/	DEC. 1985 2/	JAN. 1985	DEC. 1985	JAN. 1985
TOTAL 3/	1,024,000	1,043,000	998,500	- 19,000	25,500
WAGE & SALARY EMPLOYMENT INDEX 4/	111.8	111.2	109.1	XXX	XXX
DIFFUSION INDEX 5/	50.0	55.8	50.8	XXX	XXX
TOTAL MANUFACTURING	193,300	196,300	194,100	- 3,000	- 800
DURABLE GOODS	143,700	144,700	143,100	- 1,000	600
LUMBER & WOOD PRODUCTS	61,400	62,100	62,200	- 700	- 800
LOGGING & SAWMILLS	31,400	32,000	31,900	- 600	- 500
VENEER & PLYWOOD	16,200	16,200	16,900	0	- 700
MILLWORK & STRUCTURAL WOOD	8,700	8,800	8,400	- 100	300
MOBILE HOMES	1,500	1,500	1,300	0	200
OTHER WOOD PRODUCTS	3,600	3,600	3,700	0	- 100
FURNITURE AND FIXTURES	2,700	2,800	2,600	- 100	100
STONE, CLAY, GLASS & CONCRETE	2,600	2,700	2,700	- 100	- 100
PRIMARY METALS	8,600	8,800	8,700	- 200	- 100
BLAST FURNACES, IRON & STEEL	5,500	5,700	5,400	- 200	100
NONFERROUS METALS	3,100	3,100	3,300	0	- 200
FABRICATED METALS	11,900	12,000	10,300	- 100	1,600
FABRICATED STRUCTURAL METALS	6,200	6,300	4,600	- 100	1,600
OTHER FABRICATED METALS	5,700	5,700	5,700	0	0
MACHINERY	15,200	15,400	16,000	- 200	- 800
ELECTRICAL EQUIPMENT & SUPPLIES	13,600	13,600	14,500	0	- 900
TRANSPORTATION EQUIPMENT	11,000	10,500	9,200	500	1,800
INSTRUMENTS & RELATED PRODUCTS	14,200	14,200	14,600	0	- 400
MISCELLANEOUS MANUFACTURING	2,500	2,600	2,300	- 100	200
NONDURABLE GOODS	49,600	51,600	51,000	- 2,000	- 1,400
FOOD & KINDRED PRODUCTS	19,100	21,200	20,400	- 2,100	- 1,300
CANNING & PRESERVING	9,100	10,700	10,200	- 1,600	- 1,100
OTHER FOOD PRODUCTS	10,000	10,500	10,200	- 500	- 200
TEXTILE MILL PRODUCTS	1,600	1,700	1,700	- 100	- 100
APPAREL	2,400	2,300	2,700	100	- 300
PAPER & ALLIED PRODUCTS	9,200	9,100	8,900	100	300
PRINTING & PUBLISHING	11,500	11,600	11,400	- 100	100
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	2,000	0	- 100
PETROLEUM REFINING	300	300	400	0	- 100
RUBBER & PLASTIC PRODUCTS	3,100	3,000	3,000	100	100
LEATHER PRODUCTS	500	500	500	0	0

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1985 Benchmark
March 1986 (Rev.)

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1984 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE													
UNEMPLOYMENT													
Percent of Labor Force													
TOTAL EMPLOYMENT													

(Resident data to be published next month)

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1984 3/ **

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1006.9	965.4	973.9	984.1	993.2	1003.6	1015.8	1009.9	1020.3	1033.6	1033.1	1029.5	1020.5
Wage & Salary Empl. Index (1977=100) 4/													
Diffusion Index 5/													
MANUFACTURING, TOTAL	201.1	188.1	192.2	192.5	194.9	197.2	200.3	209.5	215.5	214.0	209.2	202.0	198.1
Durable Goods	146.7	137.7	141.1	141.6	144.6	145.7	148.1	151.8	153.2	152.4	150.3	147.4	146.0
Lumber & Wood Products	66.7	62.8	64.4	64.3	65.1	65.9	67.9	69.9	70.2	70.0	68.3	66.3	64.7
Logging & Sawmills	35.4	33.0	33.7	33.7	33.7	34.7	36.4	38.1	38.2	37.9	36.7	35.0	33.7
Veneer & Plywood	17.6	17.1	17.7	17.5	17.9	17.5	17.5	17.6	17.7	18.0	17.6	17.4	17.3
Millwork & Structural Wood	8.2	7.9	7.9	7.9	8.0	8.1	8.2	8.4	8.5	8.5	8.4	8.4	8.3
Mobile Homes	1.7	1.4	1.6	1.6	1.7	1.8	1.8	1.8	1.8	1.6	1.6	1.6	1.5
Other Wood Products	3.8	3.4	3.5	3.6	3.8	3.8	4.0	4.0	4.0	4.0	4.0	3.9	3.9
Furniture & Fixtures	2.7	2.5	2.5	2.6	2.7	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Stone, Clay, Glass & Concrete Prod.	2.7	2.4	2.4	2.4	2.6	2.7	2.8	2.9	3.0	3.1	3.0	2.9	2.7
Primary Metals	9.1	8.7	8.8	8.9	9.1	9.1	9.4	9.2	9.1	9.1	9.1	9.0	9.1
Blast Furnaces, Iron & Steel Found.	5.1	4.6	4.7	4.8	4.9	5.0	5.2	5.2	5.3	5.4	5.5	5.4	5.4
Nonferrous Metals	3.9	4.1	4.1	4.1	4.2	4.1	4.2	4.0	3.8	3.7	3.6	3.6	3.7
Fabricated Metals	10.4	9.6	9.9	10.1	10.1	10.2	10.2	10.4	10.8	10.9	10.9	10.9	10.7
Fabricated Structural Metals	4.7	4.2	4.4	4.5	4.4	4.5	4.7	4.8	5.2	5.1	5.1	5.0	4.9
Other Fabricated Metals	5.7	5.4	5.5	5.6	5.7	5.7	5.5	5.6	5.6	5.8	5.8	5.9	5.8
Machinery	15.9	14.7	15.1	15.3	15.6	15.8	16.0	16.3	16.2	16.2	16.3	16.4	16.6
Electrical Equipment & Supplies	13.8	12.5	12.6	12.8	13.5	13.7	14.0	14.3	14.5	14.5	14.5	14.7	14.5
Transportation Equipment	8.5	7.8	8.6	8.3	9.0	8.7	8.1	9.0	9.5	8.7	8.5	7.7	8.1
Instruments & Related Products	14.4	14.3	14.4	14.4	14.3	14.3	14.5	14.4	14.4	14.4	14.3	14.2	14.4
Miscellaneous Manufacturing	2.6	2.4	2.4	2.5	2.6	2.6	2.6	2.7	2.8	2.8	2.7	2.6	2.5
Nondurable Goods	54.5	50.4	51.1	50.9	50.3	51.5	52.2	57.7	62.3	61.6	58.9	54.6	52.1
Food & Kindred Products	24.1	20.7	21.1	20.7	20.2	21.1	21.3	26.7	31.4	31.4	28.6	24.3	21.6
Canning and Preserving	13.7	10.7	11.1	11.0	10.2	10.8	10.9	16.1	20.4	20.6	17.8	13.7	11.0
Other Food Products	10.4	10.0	10.0	9.7	10.0	10.3	10.4	10.6	11.0	10.8	10.8	10.6	10.6
Textile Mill Products	1.7	1.8	1.8	1.7	1.7	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.7
Apparel	2.8	2.6	2.7	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8
Paper & Allied Products	9.0	9.0	9.0	9.0	9.0	9.0	9.3	9.5	9.2	8.7	8.7	8.8	9.0
Printing & Publishing	11.0	10.6	10.8	10.9	10.7	10.9	11.0	11.0	11.1	11.1	11.3	11.3	11.4
Chemicals & Allied Products	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9	1.9
Petroleum Refining	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.3
Rubber & Plastic Products	2.8	2.6	2.6	2.7	2.8	2.8	2.9	2.9	2.9	2.8	2.9	2.9	2.9
Leather Products	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5

1984 Cont.

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	805.8	777.3	781.7	791.6	798.3	806.4	815.5	800.4	804.8	819.6	823.9	827.5	822.4
Mining & Quarrying	1.6	1.3	1.3	1.4	1.5	1.7	1.7	1.8	1.9	1.8	1.7	1.7	1.5
Construction	30.2	25.5	25.4	26.2	26.9	28.5	30.4	33.6	35.3	34.8	33.9	31.8	29.9
Trans., Comm. & Utilities	57.1	56.1	56.0	56.5	56.1	56.4	57.0	57.5	57.7	58.4	57.9	57.8	57.5
Transportation	34.3	32.6	32.7	33.1	33.4	33.7	34.0	34.6	35.0	35.7	35.8	35.7	35.4
Railroad	5.4	5.4	5.4	5.5	5.4	5.4	5.4	5.4	5.4	5.4	5.3	5.3	5.1
Trucking & Warehousing	18.3	16.8	17.0	17.2	17.4	17.6	18.1	18.8	19.1	19.3	19.5	19.3	19.4
Other Transportation	10.7	10.4	10.3	10.4	10.6	10.7	10.5	10.4	10.5	11.0	11.0	11.1	10.9
Communications	14.2	15.0	14.0	15.0	14.1	14.1	14.2	14.1	13.9	14.0	13.5	13.5	13.6
Utilities	8.6	8.5	8.4	8.4	8.6	8.6	8.8	8.8	8.8	8.7	8.6	8.6	8.5
Trade	253.0	241.7	240.5	243.7	247.5	250.4	254.4	256.3	258.8	260.7	258.0	260.9	262.7
Wholesale Trade	64.5	61.9	61.9	62.4	63.0	63.3	64.1	65.5	66.4	67.4	67.2	66.0	65.2
Durable Goods	37.9	36.7	36.8	37.1	37.7	37.8	38.1	38.7	38.7	38.4	38.5	38.1	37.8
Nondurable Goods	26.7	25.2	25.1	25.3	25.3	25.5	26.0	26.8	27.7	29.0	28.7	27.9	27.4
Retail Trade	188.4	179.8	178.6	181.3	184.5	187.1	190.3	190.8	192.4	193.3	190.8	194.9	197.5
General Merchandise	25.2	25.7	24.2	24.0	24.0	24.0	24.0	24.6	24.9	25.0	25.4	27.9	29.1
Food Stores	27.9	27.2	26.7	26.8	27.3	27.3	27.9	28.2	28.6	28.7	28.5	28.6	28.8
Auto Dealers & Service Stations	23.9	22.4	22.7	23.0	23.5	24.1	24.6	24.6	24.9	24.6	24.3	24.1	23.8
Other Retail Trade	111.4	104.5	105.0	107.5	109.7	111.7	113.8	113.4	114.0	115.0	112.6	114.3	115.8
Finance, Ins., & Real Estate	65.4	63.8	64.1	64.5	64.8	65.3	66.2	66.6	66.9	66.3	65.6	65.1	65.3
Banking & Credit Agencies	23.4	23.3	23.3	23.5	23.4	23.4	23.6	23.5	23.5	23.4	23.3	23.3	23.4
Other Finance, Ins., & Real Estate	42.0	40.5	40.8	41.0	41.4	41.9	42.6	43.1	43.4	42.9	42.3	41.8	41.9
Services	204.5	195.7	197.8	200.5	203.4	204.4	205.3	206.3	206.6	208.8	208.6	208.4	208.0
Hotels & Personal Services	23.9	22.2	22.4	23.1	23.5	23.9	24.4	25.1	25.3	25.3	24.4	23.4	23.2
Health Services	67.5	65.9	66.2	66.7	67.1	67.1	67.8	67.8	68.1	68.2	68.5	68.4	68.2
Other Services	113.1	107.6	109.2	110.7	112.8	113.4	113.1	113.4	113.2	115.3	115.7	116.6	116.6
Government	194.1	193.2	196.6	198.8	198.1	199.7	200.5	178.3	177.6	188.8	198.2	201.8	197.5
Federal	29.3	27.7	27.7	27.9	28.4	28.9	30.4	30.9	31.2	30.6	29.7	29.3	28.8
State Government	52.3	52.2	53.0	53.3	52.8	53.0	53.5	49.1	48.8	49.6	54.0	55.8	52.7
Education	21.9	22.6	23.3	23.4	22.9	22.9	22.9	18.0	17.7	18.1	23.6	23.9	23.4
Other State	30.4	29.6	29.7	29.9	29.9	30.1	30.6	31.1	31.1	31.5	30.4	31.9	29.3
Local Government	112.5	113.3	115.9	117.6	116.9	117.8	116.6	98.3	97.6	108.6	114.5	116.7	116.0
Education	70.6	72.9	75.2	76.5	75.7	75.6	73.8	54.8	53.8	66.1	73.1	75.3	74.9
Other Local	41.8	40.4	40.7	41.1	41.2	42.2	42.8	43.5	43.8	42.5	41.4	41.4	41.1
LABOR-MANAGEMENT DISPUTES	0.8	0.9	0.9	0.9	0.9	0.6	0.6	0.2	0.7	0.9	0.9	0.9	0.6

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1985 Benchmark
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OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1985 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE													
UNEMPLOYMENT													
Percent of Labor Force													
TOTAL EMPLOYMENT													

(Resident data to be published next month)

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1985 3/ **

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1029.0	998.5	998.3	1008.3	1014.3	1028.6	1042.4	1023.8	1034.7	1047.2	1058.5	1050.6	1043.0
Wage & Salary Empl. Index (1977=100) 4/													
Diffusion Index 5/													
MANUFACTURING, TOTAL	199.9	194.1	193.6	192.9	192.3	195.2	201.0	203.2	210.6	208.6	210.1	201.1	196.3
Durable Goods	145.3	143.1	142.9	142.1	142.6	144.1	146.5	146.0	148.2	147.7	149.1	146.9	144.7
Lumber & Wood Products	63.5	62.2	61.9	60.9	60.9	62.7	65.1	65.9	66.2	65.8	64.9	63.6	62.1
Logging & Sawmills	33.2	31.9	31.7	30.8	31.2	32.8	34.8	35.3	35.2	35.1	34.5	33.3	32.0
Veneer & Plywood	16.3	16.9	16.7	16.5	15.9	15.9	16.1	16.3	16.3	16.3	16.3	16.3	16.2
Millwork & Structural Wood	8.8	8.4	8.3	8.3	8.6	8.7	8.9	8.9	9.3	9.1	9.0	8.8	8.8
Mobile Homes	1.5	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.5
Other Wood Products	3.8	3.7	3.8	3.8	3.7	3.8	3.8	3.9	3.9	3.8	3.6	3.6	3.6
Furniture & Fixtures	2.7	2.6	2.6	2.6	2.7	2.7	2.8	2.8	2.7	2.8	2.9	2.9	2.8
Stone, Clay, Glass & Concrete Prod.	3.0	2.7	2.8	2.9	3.0	3.0	3.1	3.3	3.3	3.2	3.1	2.8	2.7
Primary Metals	8.8	8.7	8.8	8.9	8.8	8.9	8.9	8.7	8.7	8.8	8.8	8.9	8.8
Blast Furnaces, Iron & Steel Found.	5.5	5.4	5.5	5.5	5.5	5.5	5.5	5.4	5.5	5.6	5.6	5.7	5.7
Nonferrous Metals	3.3	3.3	3.3	3.4	3.3	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.1
Fabricated Metals	11.1	10.3	10.3	10.4	10.6	10.7	10.8	10.9	11.4	11.8	11.9	12.1	12.0
Fabricated Structural Metals	5.4	4.6	4.8	4.8	5.0	5.1	5.2	5.2	5.6	5.9	6.0	6.2	6.3
Other Fabricated Metals	5.7	5.7	5.5	5.6	5.6	5.6	5.6	5.7	5.8	5.9	5.9	5.9	5.7
Machinery	15.7	16.0	15.9	15.9	15.6	15.6	15.7	15.7	15.6	15.6	15.5	15.4	15.4
Electrical Equipment & Supplies	14.1	14.5	14.4	14.4	14.1	14.2	14.2	14.2	14.1	13.9	13.8	13.6	13.6
Transportation Equipment	9.4	9.2	9.1	8.8	9.7	9.3	8.7	7.3	9.1	8.8	11.3	10.9	10.5
Instruments & Related Products	14.5	14.6	14.7	14.8	14.7	14.6	14.7	14.6	14.6	14.5	14.3	14.2	14.2
Miscellaneous Manufacturing	2.5	2.3	2.4	2.5	2.5	2.4	2.5	2.6	2.5	2.5	2.6	2.5	2.6
Nondurable Goods	54.6	51.0	50.7	50.8	49.7	51.1	54.5	57.2	62.4	60.9	61.0	54.2	51.6
Food & Kindred Products	24.1	20.4	20.4	20.5	19.9	20.6	23.5	26.4	31.4	30.0	30.3	24.0	21.2
Canning and Preserving	13.5	10.2	10.2	10.3	9.6	10.1	12.9	15.5	20.6	19.4	19.5	13.3	10.7
Other Food Products	10.5	10.2	10.2	10.2	10.3	10.5	10.6	10.9	10.8	10.6	10.8	10.7	10.5
Textile Mill Products	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.7
Apparel	2.4	2.7	2.6	2.6	2.4	2.4	2.4	2.3	2.4	2.4	2.4	2.2	2.3
Paper & Allied Products	9.2	8.9	8.7	8.8	8.7	9.3	9.5	9.5	9.5	9.5	9.2	9.1	9.1
Printing & Publishing	11.5	11.4	11.4	11.3	11.3	11.4	11.5	11.4	11.6	11.5	11.6	11.6	11.6
Chemicals & Allied Products	1.9	2.0	2.1	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Petroleum Refining	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Rubber & Plastic Products	3.1	3.0	3.0	3.0	2.9	3.0	3.3	3.2	3.1	3.1	3.1	3.0	3.0
Leather Products	0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5

1985 Cont.

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	829.1	804.4	804.7	815.4	822.0	833.4	841.4	820.6	824.1	838.6	848.4	849.5	846.7
Mining & Quarrying	1.6	1.4	1.4	1.4	1.5	1.6	1.7	1.8	1.9	1.9	1.8	1.7	1.5
Construction	32.1	28.2	27.5	28.7	30.4	32.2	34.2	35.4	36.0	35.2	35.2	31.7	31.0
Trans., Comm. & Utilities	58.0	56.5	56.3	56.7	57.0	57.4	58.2	58.5	58.7	59.3	59.6	58.8	59.4
Transportation	36.1	34.4	34.5	35.0	35.2	35.5	36.1	36.3	36.5	37.2	37.7	37.0	37.6
Railroad	5.1	5.1	5.1	5.2	5.2	5.2	5.1	5.1	5.1	5.0	5.0	4.8	4.7
Trucking & Warehousing	20.0	18.6	18.7	19.0	18.9	19.2	19.9	20.3	20.6	20.8	21.3	21.0	21.7
Other Transportation	11.0	10.7	10.7	10.8	11.1	11.1	11.1	10.9	10.8	11.4	11.4	11.2	11.2
Communications	13.3	13.5	13.3	13.2	13.2	13.3	13.3	13.4	13.4	13.4	13.3	13.2	13.2
Utilities	8.6	8.6	8.5	8.5	8.6	8.6	8.8	8.8	8.8	8.7	8.6	8.6	8.6
Trade	258.8	251.3	247.0	251.0	252.4	257.1	260.4	260.7	263.4	264.9	263.2	266.5	267.4
Wholesale Trade	66.4	65.0	64.7	65.0	64.6	65.3	65.9	66.7	67.3	68.2	68.1	68.3	67.7
Durable Goods	39.0	38.2	38.1	38.1	38.5	39.0	39.3	39.6	39.5	39.6	39.4	39.6	39.6
Nondurable Goods	27.4	26.8	26.6	26.9	26.1	26.3	26.6	27.1	27.8	28.6	28.7	28.7	28.1
Retail Trade	192.4	186.3	182.3	186.0	187.8	191.8	194.5	194.0	196.1	196.7	195.1	198.2	199.7
General Merchandise	25.3	25.9	24.2	24.2	23.9	24.2	24.3	24.5	24.8	25.0	25.6	27.8	29.0
Food Stores	29.1	28.1	27.4	28.8	28.4	29.0	29.7	29.9	29.9	29.7	29.4	29.4	29.5
Auto Dealers & Service Stations	24.4	23.5	23.3	23.8	24.2	24.6	24.9	25.2	25.3	25.0	24.6	24.3	23.9
Other Retail Trade	113.6	108.8	107.4	109.2	111.3	114.0	115.6	114.4	116.1	117.0	115.5	116.7	117.3
Finance, Ins., & Real Estate	66.9	64.5	64.5	65.0	66.1	66.8	67.8	68.4	68.6	67.8	67.6	67.5	67.6
Banking & Credit Agencies	23.6	23.4	23.3	23.3	23.3	23.4	23.5	23.7	23.8	23.9	23.8	23.9	23.9
Other Finance, Ins., & Real Estate	43.3	41.1	41.2	41.7	42.8	43.4	44.3	44.7	44.8	43.9	43.8	43.6	43.7
Services	214.5	206.1	207.8	211.3	212.9	214.7	214.9	215.9	216.3	219.0	218.7	218.8	218.0
Hotels & Personal Services	24.4	23.5	23.7	24.6	24.3	24.7	25.2	25.4	25.4	24.9	24.1	23.5	23.1
Health Services	69.3	67.5	67.4	68.1	68.3	68.9	69.3	69.9	70.4	70.3	70.2	70.4	70.8
Other Services	120.9	115.1	116.7	118.6	120.3	121.1	120.4	120.6	120.5	123.8	124.4	124.9	124.1
Government	197.1	196.4	200.2	201.3	201.7	203.6	204.2	179.9	179.2	190.5	202.3	204.5	201.8
Federal	28.9	28.1	28.0	28.0	28.7	28.9	29.8	30.2	29.9	29.4	28.9	28.6	28.5
State Government	53.7	52.8	54.3	54.9	54.7	55.0	55.8	51.3	50.5	50.5	55.1	55.3	54.5
Education	22.4	22.4	23.7	23.8	23.6	23.6	23.8	19.0	18.2	18.2	23.7	24.3	24.1
Other State	31.4	30.4	30.6	31.1	31.1	31.4	32.0	32.3	32.3	32.3	31.4	31.0	30.4
Local Government	114.5	115.5	117.9	118.4	118.3	119.7	118.6	98.4	98.8	110.6	118.3	120.6	118.8
Education	72.3	74.8	77.0	77.3	77.0	77.9	75.8	55.0	55.2	67.5	75.5	78.0	76.4
Other Local	42.2	40.7	40.9	41.1	41.3	41.8	42.8	43.4	43.6	43.1	42.8	42.6	42.4
LABOR-MANAGEMENT DISPUTES	0.3	0.6	0.6	0.6	0.8	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JAN. 1986	DEC. 1985	JAN. 1985	CHANGE FROM DEC. 1985	CHANGE FROM JAN. 1985
(CONT.)					
TOTAL NONMANUFACTURING	830,700	846,700	804,400	- 16,000	26,300
MINING & QUARRYING	1,500	1,500	1,400	0	100
CONSTRUCTION	28,400	31,000	28,200	- 2,600	200
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,200	59,400	56,500	- 1,200	1,700
TRANSPORTATION	36,300	37,600	34,400	- 1,300	1,900
RAILROAD	4,600	4,700	5,100	- 100	- 500
TRUCKING & WAREHOUSING	20,500	21,700	18,600	- 1,200	1,900
OTHER TRANSPORTATION	11,200	11,200	10,700	0	500
COMMUNICATIONS	13,300	13,200	13,500	100	- 200
UTILITIES	8,600	8,600	8,600	0	0
TRADE	257,000	267,400	251,300	- 10,400	5,700
WHOLESALE TRADE	66,600	67,700	65,000	- 1,100	1,600
DURABLE GOODS	39,200	39,600	38,200	- 400	1,000
NONDURABLE GOODS	27,400	28,100	26,800	- 700	600
RETAIL TRADE	190,400	199,700	186,300	- 9,300	4,100
GENERAL MERCHANDISE	26,200	29,000	25,900	- 2,800	300
FOOD STORES	29,500	29,500	28,100	0	1,400
AUTO DEALERS & SERVICE STATIONS	23,500	23,900	23,500	- 400	0
OTHER RETAIL TRADE	111,200	117,300	108,800	- 6,100	2,400
FINANCE, INSURANCE, & REAL ESTATE	66,800	67,600	64,500	- 800	2,300
BANKING & CREDIT AGENCIES	23,900	23,900	23,400	0	500
OTHER FINANCE, INSURANCE, & REAL ESTATE	42,900	43,700	41,100	- 800	1,800
SERVICES	217,500	218,000	206,100	- 500	11,400
HOTELS & PERSONAL SERVICES	23,300	23,100	23,500	200	- 200
HEALTH SERVICES	71,300	70,800	67,500	500	3,800
OTHER SERVICES	122,900	124,100	115,100	- 1,200	7,800
GOVERNMENT	201,300	201,800	196,400	- 500	4,900
FEDERAL GOVERNMENT	28,000	28,500	28,100	- 500	- 100
STATE GOVERNMENT	54,200	54,500	52,800	- 300	1,400
EDUCATION	23,400	24,100	22,400	- 700	1,000
OTHER STATE	30,800	30,400	30,400	400	400
LOCAL GOVERNMENT	119,100	118,800	115,500	300	3,600
EDUCATION	76,600	76,400	74,800	200	1,800
OTHER LOCAL	42,500	42,400	40,700	100	1,800
LABOR-MANAGEMENT DISPUTES	0	0	600	0	- 600

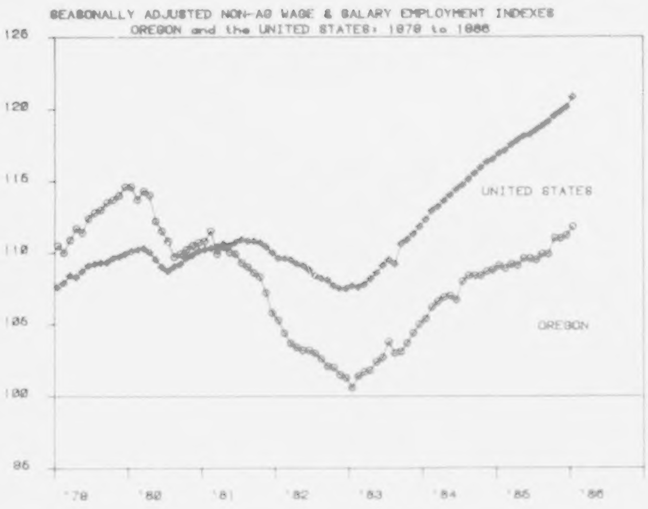
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



An indication of economic improvement, the nonfarm employment index, was up in January to 111.8, the highest it has been since 1980. The diffusion index, which measures the percentage of industries that are expanding, slipped a little, however, to 50.0 in January from December's 55.8. And the seasonally adjusted unemployment rate, which rose from December's 7.4% to 7.6%, still represents an improvement from last January's 9.2%. The fact that Oregon's unemployment rate rose slightly while the national rate dropped from 6.9% to 6.7% is insufficient to offset the appearance of improving health in Oregon's economy, in light of the other, more positive indications.

Manufacturing employment fell 3,000 in January, slightly less than the average January drop, and showed surprising strength in the lumber and wood industry. Although it declined by 700 jobs, lumber and wood's normal seasonal decline is 1,700. Most of the drop took place in logging and sawmills, which experienced one large sawmill closure and a smaller logging shutdown. However, the stability of employment in the balance of the lumber and wood industry is a welcome sign of strength.

Certainly some of this stability is the result of the declining dollar and the improved outlook for lumber exports. Also helpful is the strong building activity, especially in California, brought about by low interest rates. Nevertheless, with plant modernization leading to increases in productivity per worker, it is questionable if the current strengthening of the market will lead to the recovery of the 800 jobs lost in lumber and wood since January 1985.

Of the other durable goods industries, only transportation equipment showed an increase in employment in January. The gain came in shipbuilding and repair work, and overshadowed an otherwise disappointing month in industries such as primary metals and machinery. Since January 1985, transportation equipment has gained 1,800 jobs mostly in ship repair, and fabricated metals employment is up 1,600 due to higher activity in the oil services industry. During the same period, electrical equipment and supplies dropped 900 jobs, machinery employment fell by 800, and instruments and related products lost 400 jobs. The recent announcement of a plant closure and layoff in one of Oregon's large high-tech companies attests to the continuing weakness of the high-tech market, which will strengthen later this year, according to some industry analysts.

Employment in food and kindred products dropped 2,100 in January. While this is an unseasonably large drop, it should be noted that this industry has defied normal seasonal trends for several years. Canning and preserving lost 1,600 jobs in January, following an unusually long season for canning and freezing and subsequent losses of 6,200 in November and 2,600 in December. In October it was 1,700 jobs ahead of its prior year level. By January, that gain had been transformed into an over-the-year decline of 1,100. At this point, it seems unlikely that February will see a further substantial employment loss in food and kindred products.

The other nondurable goods industries showed minor employment gains in apparel, paper and allied products, and rubber and plastics products. Partially offsetting these gains were similar losses in textile mill products and in printing and publishing. Taken together, the nondurable goods industries did not play a major role in January's employment changes.

The nonmanufacturing sector showed the greatest over-the-month change in employment. Nonmanufacturing as a whole lost 16,000 jobs, 5,000 fewer than seasonally expected, and slightly less than the 18,000 drop last January.

Construction employment dropped 2,600, which is 200 more than seasonally expected. The bulk of this decline, as is typical, occurred in heavy construction and in home building. The year-end nationwide surge in building permits and housing starts is not paralleled by Oregon's building activity, due in part to the state's lagging economy. But even though Oregon is lagging in growth, construction employment is 200 higher than in January 1985.

Transportation, communication and utilities lost 1,200 jobs in January, almost entirely in trucking and warehousing. This decline was a bit smaller than expected, and transportation now employs 1,900 more people than it did in January 1985. As falling oil prices pull down the prices of diesel and jet fuel during spring and summer, most transportation industries should benefit and this may have a positive impact on employment.

The trade industry was Oregon's big employment loser in January, paring 10,400 jobs from the payrolls. About nine tenths of this loss came in the retail sector following the holiday shopping season. Nevertheless, retail trade employment has maintained a healthy increase (+4,100) over year-ago figures. Also, the monthly loss in both wholesale and retail trade employment, despite its considerable size, is still 2,500 less than expected for January. And trade's total employment is now at 257,000, its highest January level ever.

A seasonal decline in real estate resulted in the loss of 800 jobs in the finance, insurance, and real estate category. Although employment is a respectable 2,300 over last year's January level, some analysts feel that the real estate industry will experience a stagnant 1986. Primary reasons for this assessment include a sluggish economy and inhibitory factors such as due-on-sale and anti-assumption clauses on residential mortgages.

Services' loss of 500 jobs in January was much smaller than the 2,900 loss which was seasonally expected. The decline was centered in private education, and was partially offset by gains in health services outside of hospitals. Both health services and other services show strong over-the-year employment gains. Services as a category now employs 217,500, which is over 11,000 more than last year and the highest January level ever.

Federal and state government employment ebbed a little in January, but a small rise in local government employment moderated this drop. The net effect was a drop of 500 government employees, about in line with seasonal expectations. However, employment in local government, including education, has reversed its recession period decline. Local government employed 122,600 in January 1981, dropped to 113,300 in January 1984, and is now back up to 119,100.

While not every industry nor every region is experiencing a resurgence, there is sufficient cause for guarded optimism. It now appears that the difficult belt-tightening and restructuring which Oregonians have found necessary is slowly having a positive effect on our economy's ability to compete in the national and international marketplaces. Without a doubt, interest rates and the value of the dollar command top billing in many analyses of economic recovery. However, it would be a major omission to exclude the significant influence of the resolve with which Oregonians are meeting the challenges of the post-recession economy and bringing about a recovery of our own.□

NEW LMI PUBLICATIONS AVAILABLE

It is a dark and stormy night. The cloaked rider looks up intently at the old church steeple. The poignancy of the hour rivets his attention. What will it be, he ponders, one, if by land, ... or two, if by sea. The heaviness of the night closes in. Suddenly a single light shines through the mist and the gloom. It is by land. Quickly he spurs his steed and gallops off across the Oregon countryside to alert the people. "The BEO's are coming!", he shouts. "The BEO's are coming!" In every Oregon village and farm, sleeping residents awake with a start. Away to their windows they fly in a flash. They tear open their shutters. They throw up their sashes. And as the mysterious stranger rides off into the distance, still shouting, "The BEO's are coming!", the populace breaks into resounding cheers. Night caps are hurled into the air in wondrous joy. The BEO's were coming. They knew in their hearts that it was true. Now they could return to their beds, confident that the dawn would bring a bright new day. In the morning they would finally have the economic information for which they'd been waiting so long.

Yes, the Business & Employment Outlook publications for 16 local areas in Oregon are now available. These 1985 updates of last year's Economic Survey Analysis reports contain nearly everything you've ever wanted to know about the economies of local areas in Oregon. The BEO's contain data and analyses on various topics including population, labor force, unemployment, industrial, occupational and income trends. A brief Executive Summary is also available for each of the 16 Business & Employment Outlook reports.

To obtain copies of these annual reports or executive summaries, please contact:

Oregon Employment Division - LMI
875 Union St. N.E.
Salem, OR 97311
503/378-8657 □

OREGON POPULATION TRENDS, 1980-1985

Ed Schafer

(Editor's Note: Mr. Schafer is the Director of the Center for Population Research and Census at Portland State University.)

Now that the 1985 population estimates are complete, it is time to take a mid-decade look at what has happened demographically in Oregon since the 1980 decennial census and attempt to determine what the second half of the 1980s holds in store for the state. In our assessment of the demographic change that has occurred since April 1980, we will focus on total change, the relative contribution of migration and natural increase to the change, and how these changes have affected the age distribution of the state's population.

TOTAL POPULATION CHANGE

On April 1, 1980, the U.S. Bureau of the Census counted 2,633,156 Oregonians, nearly 26% more than the 1970 Census. While Oregon was still in the lower third of all states with regard to the population size, its rate of population growth was tenth fastest among all states. Though quite impressive from a national perspective, Oregon's rate of population growth was only ninth fastest among the thirteen western states. Florida was the only non-western state with a growth rate higher than Oregon's.

The 1980s brought an end, at least temporarily, to Oregon's rapid expansion of population. During the first half of the 1980s, the state's population increased only 1.6%, from 2,633,156 to 2,675,800. At no time since 1950 had population growth been this slow over a five-year period. As dismal as the 1980 to 1985 change appears, it hides an even more depressing period, 1981 to 1983. During this two-year period, Oregon suffered declines in population of 4,550 and 21,185 residents for the years 1981-82 and 1982-83, respectively.

Though all areas in the state were affected demographically by the recession, population change varied substantially among counties. For instance, while Lane County experienced an overall loss of approximately 5,700 residents, Washington County's population grew by more than 22,000. Other counties which recorded substantial population gains included Clackamas (6,300), Deschutes (3,350), Jackson (5,450), Josephine (2,650), and Yamhill (2,250). Counties with losses in excess of 1000 residents were Coos (3,900), Douglas (1,600) and Klamath (1,550).

CONTRIBUTIONS OF THE COMPONENTS OF CHANGE

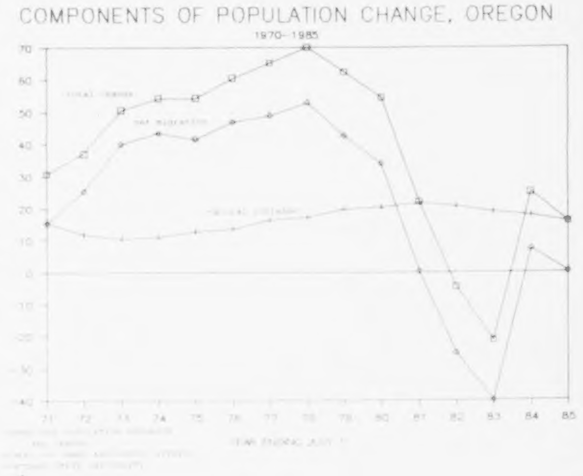
For areas with constant geographic boundaries, population change originates from two sources: natural increase and net migration. Natural increase refers to the number of births occurring to the area's population minus the number of deaths. Net migration is defined as the number of in-migrants to an area minus the number of out-migrants from the area. In developed societies, change due to natural increase is relatively stable and predictable, whereas that due to net migration can be quite volatile and unpredictable. There are exceptions, however. The "baby-boom" of the 1950s and early 1960s is a recent example of a period of unexpected instability in the rate of natural increase.

The accompanying graph illustrates the relative contribution of each of the components of change between 1970 and 1985. In general, we can see the stability of change due to natural increase, and conversely, the dramatic reversal in trend associated with net migration. In addition, the data in the graph illustrate the extent to which the short-term (basically, year-to-year) changes in the state's population growth is the result of changes in the volume and direction of net migration.

The data in the graph also demonstrate the differential impact of changes in economic conditions on the two components of population change. It is easy to visually correlate the radical shift in the volume and direction of net migration with the onset of the severe economic recession which began in Oregon in 1979. However, we also observe a decline in the volume of natural increase commencing in 1981. This decline may also be partially attributable to the recession and the uncertainty that it fostered with regard to future economic opportunities for young couples. The consequence of this uncertainty may be decisions by these young couples to delay or forego childbearing, thus depressing the level of natural increase. This phenomenon occurred nationwide during the period of the Great Depression.

CHANGES IN THE STATE'S AGE STRUCTURE

The age structure is one of the most important characteristics of a population. Changes in the age structure, independent of the size of the population, can have major economic and social ramifications. For instance, today's persistent problem of unemployment is thought to be due, in part, to the maturation of the "baby-boom" generation. The sudden influx of these young adults into the labor force has outstripped the economy's ability to create new employment opportunities.


COMPONENTS OF POPULATION CHANGE, OREGON
1970–1985

The most significant change in the age structure of Oregon's population since 1980 is the increase in the population 65 years and over. This particular age group is the state's fastest growing. For example, while the increase in the total population has been only 1.6%, the population 65 years and over has grown by 15.1%.

Another noteworthy fact concerning changes in the age structure is that while the Portland Metropolitan Area has received the lion's share of overall net migration since 1980, areas outside the Portland region seem to be the preferred destination of elderly migrants. For example, the counties of Deschutes, Jackson, Josephine, Lane, and Marion accounted for 97% of the 7,450 net migration of elderly persons to the state.

THE OUTLOOK FOR THE FUTURE

Anticipating future events is always difficult. However, forecasting future demographic change in Oregon is particularly troublesome at this time. It appears that the state's economy is precariously balanced on the fence, leaning toward continued stagnation one month and toward renewed growth the next. Furthermore, we have recently witnessed the high degree of correlation between economic and population growth within the state. Thus, any statements concerning future changes in the state's population should be interpreted with much caution.

Population forecasts made by the Center for Population Research and Census during 1984 project an increase in the state's population of nearly 8% during the last half of the 1980s. On an annual basis, this represents a rate of growth of only 60% of that experienced by the state during the 1970s. However, it is substantially greater than the 1.6% that occurred during the period 1980-85. If our projections prove accurate, we can expect a 1990 Census population of 2,884,000.□

ANNUAL EMPLOYMENT REVISIONS

Graham Slater

The word benchmark produces all kinds of reactions from those familiar with its meaning. For some, it conjures up memories of long hours, tedious 'number crunching', and endless attention to detail. For others, it simply means that new and more accurate data will soon be available. Whichever applies, you will be pleased to know that the 1985 benchmark of Oregon's employment data is complete.

The Current Employment Statistics program of the Oregon Employment Division collects data on a monthly basis from a sample of Oregon employers, and estimates employment by industry based on trends evident from the sample. At benchmark time, estimates for the past two years are replaced by actual employment counts mostly taken from employer unemployment insurance tax reports.

A constant source of confusion is the terminology associated with the dating of the benchmark. In February 1986, we completed the March 1985 benchmark (all data through March 1985 should now be final). We currently have 'actual count' data for all of 1984 and the first half of 1985. Therefore, one year from now we will revise 1985 for a second time, including 'actual count' data for the second half of the year (as well as the first half of 1986).

This year's benchmark resulted in very minor changes in our original estimates. An upward revision of 0.3% was applied to total wage and salary employment in both 1984 and 1985. In 1985, total nonfarm wage and salary employment was revised upward from 1,026,000 to 1,029,000.

In 1984, only one industry experienced a notable revision. Food and kindred products employment was raised by 1,300 (+5.7%), this change mostly coming in the canning and preserving sector. A new (and better) estimating technique was introduced for 1985, resulting in a revision of just 0.8% for that year.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Dec. 2/ 1985	Nov. 3/ 1985	Dec. 1984	Dec. 2/ 1985	Nov. 3/ 1985	Dec. 1984	Dec. 2/ 1985	Nov. 3/ 1985	Dec. 1984
TOTAL MANUFACTURING 4/	$416.42	$403.87	$421.08	39.1	38.5	39.8	$10.65	$10.49	$10.58
Durable Goods	423.44	418.94	432.95	39.5	39.3	40.5	10.72	10.66	10.69
Lumber & Wood Products	447.52	435.90	461.04	40.1	39.2	40.8	11.16	11.12	11.30
Logging & Sawmills	476.80	460.08	491.26	39.8	38.5	40.6	11.98	11.95	12.10
Veneer & Plywood	449.22	439.68	476.02	41.1	40.9	42.2	10.93	10.75	11.28
Millwork & Struct Wood	362.23	357.08	356.00	40.7	39.5	40.0	8.90	9.04	8.90
Mobile Homes	250.75	278.88	258.66	29.5	33.2	32.7	8.50	8.40	7.91
Other Wood Products	453.17	449.85	441.90	40.9	40.6	40.1	11.08	11.08	11.02
Furniture & Fixtures	321.93	339.42	292.99	39.5	40.6	38.4	8.15	8.36	7.63
Primary Metals	508.57	500.08	496.94	42.1	41.5	43.1	12.08	12.05	11.53
Fabricated Metals	394.49	376.11	393.02	38.6	38.3	39.9	10.22	9.82	9.85
Machinery	423.20	425.58	423.28	40.0	39.7	40.7	10.58	10.72	10.40
Nondurable Goods	395.20	365.00	389.88	38.0	36.5	38.0	10.40	10.00	10.26
Food & Kindred Products	326.14	291.71	322.54	35.8	34.4	36.2	9.11	8.48	8.91
Canning & Preserving	274.03	231.84	267.46	34.6	32.2	34.6	7.92	7.20	7.73
Other Food Products	391.28	397.82	403.37	37.3	38.4	38.6	10.49	10.36	10.45
Textile Mill Products	241.13	206.38	231.84	39.4	34.0	38.9	6.12	6.07	5.96
Apparel	252.43	211.10	226.72	43.9	37.9	41.6	5.75	5.57	5.45
Paper & Allied Products	624.09	589.28	614.18	42.6	40.5	43.1	14.65	14.55	14.25
Printing & Publishing	389.13	392.76	406.00	35.7	36.0	35.0	10.90	10.91	11.60
Construction 4/	503.78	458.67	474.50	36.4	33.9	32.5	13.84	13.53	14.60
Communications & Utilities 5/	511.68	510.88	500.35	41.6	41.4	39.9	12.30	12.34	12.54
Trade	286.01	277.72	288.12	34.5	33.5	34.3	8.29	8.29	8.40
Wholesale Trade	390.85	383.35	386.32	37.8	37.4	37.8	10.34	10.25	10.22
Retail Trade	237.60	227.20	242.96	33.0	31.6	32.7	7.20	7.19	7.43
Banking & Insurance	302.30	290.21	277.03						
State & Local Government	344.17	340.54	327.63						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Even in 1985, where actual counts were available for the first time, only a few industries were subject to substantial revisions. This can clearly be seen from the graph. In manufacturing, transportation equipment was the only one, with employment rising by 900. This is historically a very difficult industry to estimate, due to the large fluctuations which occur in such industries as shipbuilding & repair, aircraft and parts, and railroad equipment. In total, manufacturing employment was revised upward by 0.8%.

In nonmanufacturing, transportation employment received the largest revision, rising by 3,200 as a result of the benchmark. Railroad employment was unchanged, but other areas such as trucking and warehousing experienced large increases.

Two industries which were expected to experience major revisions turned out to be tracking quite well. Construction employment was revised upwards by just 1.9%, an unusually small revision for this volatile industry. However, hidden within this small change were some larger revisions which nullified each other - general residential construction and masonry were underestimated during the year, while general nonresidential construction and plumbing, heating & air conditioning were subjected to a downward revision.

The services industry, where strong growth throughout the year led to suspicion that a downward revision might be imminent, actually was revised even further upward. Employment in that industry rose to 214,500 compared to the 211,500 originally estimated.

What all this means is that Oregon's nonfarm wage and salary employment rose by 22,100 (+2.2%) between 1984 and 1985, continuing the upward movement present since 1982. Unfortunately, the improvements in total employment are not spread uniformly throughout all industries. Manufacturing employment actually fell by 1,200 (-0.6%) with lumber and wood products down 4.8%. Notable gains did occur in fabricated metals (+6.7%) and printing & publishing (+4.5%). On the nonmanufacturing side, employment rose by 23,300 (+2.9%), with improvements concentrated in construction (+6.3%) and services (+4.9%).

Revised industry employment data for 1984 and 1985 are included elsewhere in this publication. If you would like further information on these revisions, please call Graham Slater at (503) 378-8658. Benchmark revisions of wage and salary employment are a prerequisite to revisions of the labor force, employment, and unemployment portion of the annual tables. These data will be available shortly and will be discussed in a future edition of Oregon Labor Trends. Benchmark revisions are also made at the area labor market level. To request copies of the revised annual tables for Oregon or its labor market areas, please call Arlene Luckey at (503) 373-1816.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

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DEPARTMENT OF HUMAN RESOURCES
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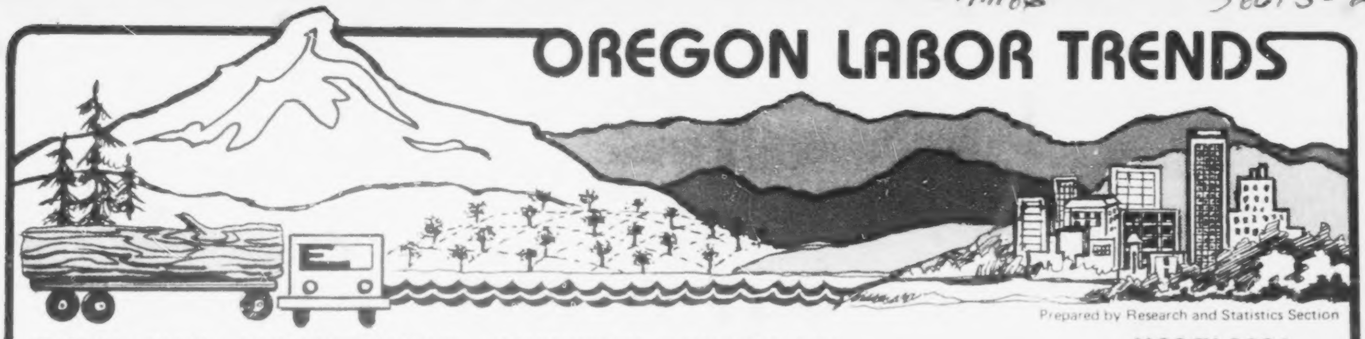


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

MARCH 1986

FEBRUARY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
Feb.	1986	8.7
Jan.	1986	8.0
Feb.	1985	10.4
U.S.		
Feb.	1986	7.3
Jan.	1986	6.7
Feb.	1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Feb.	1986	111.6
Jan.	1986	111.6
Dec.	1985	111.2
Nov.	1985	111.0
Oct.	1985	111.0

DIFFUSION INDEX

Oregon		
Feb.	1986	51.5
Jan.	1986	49.6
Dec.	1985	55.8
Nov.	1985	52.3
Oct.	1985	56.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Jan.	1986	39.1
Dec.	1985	39.1
Jan.	1985	39.0

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Jan. 1986	321.3
Yearly Change	+ 4.7%
U.S.	
Feb. 1986	327.5
Yearly Change	+ 3.2%
Portland Hotline	221-4132

THE DECLINE OF MANUFACTURING: WHAT'S IN THE FUTURE?

Graham Slater

"As far as I understand it, we do not need the same number of people to produce what we require to cover the basic facilities of food and clothes. Therefore, to the young person there comes across the message, 'we have no place for you; we do not require you in order to establish the wealth of this country.'" This statement by Michael Newman, Vice-Chairman of England's National Children's Home, was made during discussion at The Royal Society for the encouragement of Arts, Manufactures and Commerce. The society, founded in 1754, designated 1986 as Industry Year in an attempt to "generate a new enthusiasm and a new regard for industry".

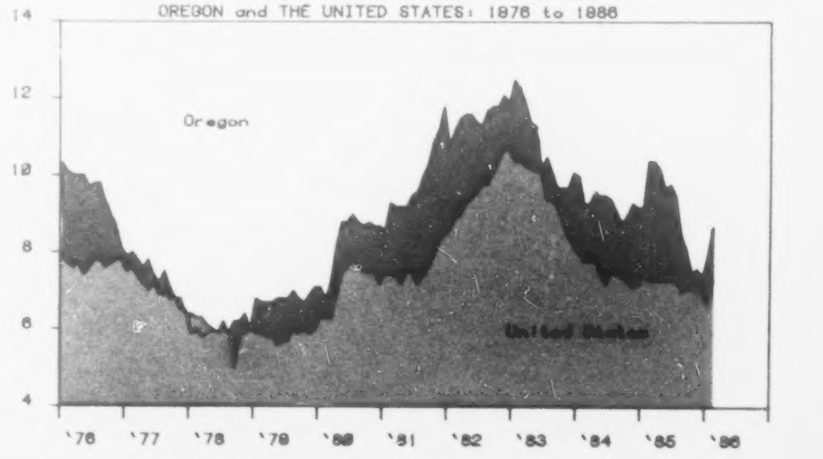
What does this have to do with Oregon's labor market? A great deal! Many of the problems discussed by the Society are those which have affected Oregon so disastrously these past six years. While looking at Oregon's economic performance in February we will consider statements from a recent presentation to the Society which make two points clear:

1. Oregon is not alone in suffering from the loss of large numbers of manufacturing jobs.

2. The long-term effect of the current decline may be much more damaging than we realize.

February's statistics showed no definite trends. The state's seasonally adjusted unemployment rate rose from 8.0% to 8.7%, the largest monthly increase in 12 months, and the rate's highest level since July 1985. Total employment fell by 3,000 to 1,202,100, while those without a job and looking for work rose to

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	FEB. 1986 1/	JAN. 1986 2/	CHANGE	% CHANGE	FEB. 1985 5/
CIVILIAN LABOR FORCE 3/	1,331,300	1,328,200	3,100	0.2	1,321,000
UNEMPLOYMENT	129,200	123,100	6,100	5.0	151,200
PERCENT OF LABOR FORCE	9.7	9.3	XXX	XXX	11.4
SEASONALLY ADJUSTED PERCENT	8.7	8.0	XXX	XXX	10.4 *
TOTAL EMPLOYMENT 4/	1,202,100	1,205,100	- 3,000	- 0.2	1,169,800

* CORRECTED

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1986 1/	JAN. 1986 2/	FEB. 1985	CHANGE FROM JAN. 1986	CHANGE FROM FEB. 1985
TOTAL 3/	1,023,400	1,022,100	998,300	1,300	25,100
WAGE & SALARY EMPLOYMENT INDEX 4/	111.6	111.6	108.9	XXX	XXX
DIFFUSION INDEX 5/	51.5	49.6	48.5	XXX	XXX
TOTAL MANUFACTURING	193,400	193,400	193,600	0	- 200
DURABLE GOODS	142,900	144,300	142,900	- 1,400	0
LUMBER & WOOD PRODUCTS	61,900	62,100	61,900	- 200	0
LOGGING & SAWMILLS	31,900	32,000	31,700	- 100	200
VENEER & PLYWOOD	16,300	16,200	16,700	100	- 400
MILLWORK & STRUCTURAL WOOD	8,600	8,800	8,300	- 200	300
MOBILE HOMES	1,500	1,500	1,400	0	100
OTHER WOOD PRODUCTS	3,600	3,600	3,800	0	- 200
FURNITURE AND FIXTURES	2,800	2,700	2,600	100	200
STONE, CLAY, GLASS & CONCRETE	2,600	2,600	2,800	0	- 200
PRIMARY METALS	8,600	8,800	8,800	- 200	- 200
BLAST FURNACES, IRON & STEEL	5,500	5,600	5,500	- 100	0
NONFERROUS METALS	3,100	3,200	3,300	- 100	- 200
FABRICATED METALS	11,600	11,700	10,300	- 100	1,300
FABRICATED STRUCTURAL METALS	6,000	6,100	4,800	- 100	1,200
OTHER FABRICATED METALS	5,600	5,600	5,500	0	100
MACHINERY	15,000	15,200	15,900	- 200	- 900
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,600	14,400	- 200	- 1,000
TRANSPORTATION EQUIPMENT	10,400	10,900	9,100	- 500	1,300
INSTRUMENTS & RELATED PRODUCTS	14,100	14,200	14,700	- 100	- 600
MISCELLANEOUS MANUFACTURING	2,500	2,500	2,400	0	100
NONDURABLE GOODS	50,500	49,100	50,700	1,400	- 200
FOOD & KINDRED PRODUCTS	20,200	18,700	20,400	1,500	- 200
CANNING & PRESERVING	10,100	8,600	10,200	1,500	- 100
OTHER FOOD PRODUCTS	10,100	10,100	10,200	0	- 100
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,300	2,300	2,600	0	- 300
PAPER & ALLIED PRODUCTS	9,100	9,200	8,700	- 100	400
PRINTING & PUBLISHING	11,300	11,500	11,400	- 200	- 100
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	2,100	0	- 200
PETROLEUM REFINING	300	300	400	0	- 100
RUBBER & PLASTIC PRODUCTS	3,200	3,100	3,000	100	200
LEATHER PRODUCTS	600	500	400	100	200

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1986	JAN. 1986	FEB. 1985	CHANGE FROM JAN. 1986	CHANGE FROM FEB. 1985
(CONT.)					
TOTAL NONMANUFACTURING	830,000	828,700	804,700	1,300	25,300
MINING & QUARRYING	1,500	1,500	1,400	0	100
CONSTRUCTION	27,500	28,100	27,500	- 600	0
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,000	58,200	56,300	- 200	1,700
TRANSPORTATION	36,200	36,500	34,500	- 300	1,700
RAILROAD	4,700	4,700	5,100	0	- 400
TRUCKING & WAREHOUSING	20,000	20,200	18,700	- 200	1,300
OTHER TRANSPORTATION	11,500	11,600	10,700	- 100	800
COMMUNICATIONS	13,200	13,100	13,300	100	- 100
UTILITIES	8,600	8,600	8,500	0	100
TRADE	254,900	257,200	247,000	- 2,300	7,900
WHOLESALE TRADE	66,700	66,800	64,700	- 100	2,000
DURABLE GOODS	39,100	39,000	38,100	100	1,000
NONDURABLE GOODS	27,600	27,800	26,600	- 200	1,000
RETAIL TRADE	188,200	190,400	182,300	- 2,200	5,900
GENERAL MERCHANDISE	25,300	26,400	24,200	- 1,100	1,100
FOOD STORES	29,700	29,500	27,400	200	2,300
AUTO DEALERS & SERVICE STATIONS	23,500	23,500	23,300	0	200
OTHER RETAIL TRADE	109,700	111,000	107,400	- 1,300	2,300
FINANCE, INSURANCE, & REAL ESTATE	66,300	66,600	64,500	- 300	1,800
BANKING & CREDIT AGENCIES	23,500	23,800	23,300	- 300	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	42,800	42,800	41,200	0	1,600
SERVICES	217,700	215,700	207,800	2,000	9,900
HOTELS & PERSONAL SERVICES	23,300	23,000	23,700	300	- 400
HEALTH SERVICES	71,400	71,200	67,400	200	4,000
OTHER SERVICES	123,000	121,500	116,700	1,500	6,300
GOVERNMENT	204,100	201,400	200,200	2,700	3,900
FEDERAL GOVERNMENT	28,200	28,100	28,000	100	200
STATE GOVERNMENT	54,900	54,200	54,300	700	600
EDUCATION	23,900	23,400	23,700	500	200
OTHER STATE	31,000	30,800	30,600	200	400
LOCAL GOVERNMENT	121,000	119,100	117,900	1,900	3,100
EDUCATION	78,700	76,700	77,000	2,000	,700
OTHER LOCAL	42,300	42,400	40,900	- 100	1,400
LABOR-MANAGEMENT DISPUTES	0	0	600	0	- 600

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

129,200 - a 6,100 increase over January. This paralleled the trend in the national rate. January's seasonally adjusted U.S. rate was 6.7%. In February, the rate rose to 7.3%.

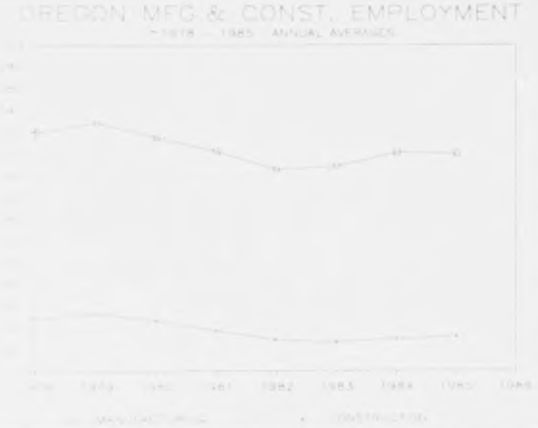
The unemployment rate provides an incomplete picture of Oregon's economic condition. Three employment-related indicators should also be considered. While the unemployment rate rose, two other indicators relating to nonagricultural wage and salary employment showed no clear trends. The nonfarm employment index, which is seasonally adjusted, remained unchanged between January and February.

The diffusion index attempts to predict what will be happening three to six months down the road. Various articles have been published on the methodology behind this index. (See Oregon Labor Trends, June 1985). In general, a measurement above 50.0 suggests that employment will be increasing in the near future, while a level below 50.0 portends the opposite. In February, the index rose from January's 49.6 to 51.5. In spite of the increase, its level does not point to much improvement on the horizon. Given these mixed signals, let's turn our attention to the industry employment series, and also examine long-term manufacturing trends.

In the last 12 months, over 25,000 payroll jobs have been added to Oregon's economy. In that same period, manufacturing employment has fallen by 200. Industries such as lumber and wood and food and kindred products are not replacing the jobs lost in the early '80s. The causes for this decline have been discussed in detail in other publications and in previous articles in Oregon Labor Trends. Similarly, the immediate effects of the decline (high unemployment, population and income loss) have also been discussed. But what of the less immediate, less obvious effects? Can a society survive without a strong manufacturing base? Will young people have any desire to seek employment in a manufacturing sector which cannot offer job security? Will not-so-young people decide that they must break in mid-career, learn new skills, and therefore not be available if and when the manufacturing sector needs them?

Nonfarm payroll employment in Oregon reached 1,023,400 in February, its highest level for this time of year since 1980 (1,047,700). However, manufacturing employment's share has fallen from 21% (213,600) in 1980 to 19% (193,400) this year. Few manufacturing industries showed any change last month. Only food products, adding 1,500 jobs following an unusually poor January, made any real movement. Comparisons with a year ago show that only two major industries recorded employment growth. The number of jobs in fabricated metals grew from 10,300 to 11,600, partly due to a series of contracts for the production of oil drilling modules. Transportation equipment manufacturing also showed an increase, primarily in ship repair, but the volatility of this industry suggests that the 1,300 'new' jobs may be 'here today, gone tomorrow'.

Certain manufacturing industries have historically been crucial to Oregon's growth. Unfortunately, these key industries have shown little momentum of late. Lumber and wood products had a slightly disappointing month, with an overall loss of 200 jobs, rather than the gain of 800 which is expected at this time of year. Food processing added 1,500 jobs last month, but this 'progress' is tempered by the fact that January's level of 18,700 was the lowest in the industry since 1975. Industry employment is still 200 below year ago levels.

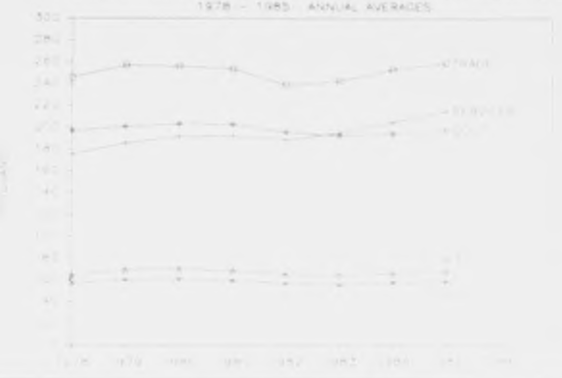


Construction, another key Oregon industry, but not part of the manufacturing sector, has also suffered through six difficult years. The industry performed about as expected in February, losing 600 jobs, all in building construction. Comparing the current level (27,500) with February 1985 (also 27,500), 1983 (22,300), and 1980 (47,000) shows that progress has been slow, if not meager.

Recalling the Royal Society presentation, two comments are relevant to each of these important Oregon industries. The Reverend Harold Clarke, Principal, Luton Industrial College, commented that he had recently spent a week working with 50 "bright young people" who were beginning the process of choosing their career. "All but five chose to move into areas which they understood to be more secure than industry." Employers in Oregon's manufacturing sector may not currently need to attract large numbers of workers, young or old, but the message that these people are receiving could be disastrous for our state in the next several decades.

Dr. Alan Mawson, Director, Innvotec Ltd., commended young people for being aware of "those sectors of the economy where there is greatest potential for reward." He went on to describe an increasingly common scenario where "they enter the service sector, typified by an insurance company, because they can see that the company makes more profit per car insuring Fiat cars in transit from Italy than Fiat does in manufacturing them, than the transporter does transporting them, and the dealer in this country does in distributing them."

This illustrates the increasing importance of service-oriented industries. Notable over the month change was limited to three industries - trade, services, and government. Losses in trade were purely seasonal, following the holidays. In fact, the loss of 2,300 jobs was 300 less than expected. Employment gains were recorded in services (+2,000) and government (+2,700) with education-related hiring the largest single reason in both cases.



SERVICE–ORIENTED INDUSTRY EMPLOYMENT
1978 - 1985 ANNUAL AVERAGES

If we compare current employment to year ago and historical levels, we can see the growth in service-oriented industries and the demise of manufacturing. Look at employment in transportation, communications, utilities, trade (retail and wholesale), finance, insurance & real estate, services, and government. All but one expanded over the past year, and that one (communications) lost just 100 jobs. Trade employment grew by 7,900 and services by an even larger 9,900. Taking an even longer-term view, three of our major industry groups (transportation, communications & utilities, finance, insurance & real estate, and government) recorded their best February since 1981, while trade and services recorded their best February ever.

Many accept that the makeup of Oregon's economy is permanently changing, as is that of the entire U.S., toward a service-oriented future. But there are those who question the long-term viability of such an economy, not only from the viewpoint that service jobs often pay less than those in manufacturing, but also because of a long-held view that manufacturing industry is the base on which our economy is built. "A community which does not recognize the necessity, value and virtue of the principal activity by which it earns its living, which does not affirm and celebrate that activity and which does not teach its young to understand and respect that activity, cannot have a positive and hopeful view of its own future. You cannot say 'Yes' to your own future if you do not say 'Yes' to the activity on which that future depends." (Kenneth Adams, CVO, RSA Comino Fellow).

It is impossible to know whether this argument will be proven true over the next few years. Many would agree with the above statement, and even offer substantive evidence to prove their case. In economics or any other 'non-precise' science, there will always be others who use similarly sound arguments to dispute the above. Either way, it is something that we in Oregon need to consider. Will our young people look for a job in our lumber mills, our food processing plants, or with local construction firms? Or will they take lower paying employment in the nonmanufacturing sector, or even leave the state in search of employment?

"Many people, youngsters especially, want a job; jobs are not being provided and, in Industry Year and hereafter, job creation is what we have to focus on. To create jobs we have to use existing structures and one of these is manufacturing industry itself, provided we do not let it decline on the assumption that its output is inherently limited to the satisfaction, on a national basis, of currently perceived needs". (Dr. Alan Mawson). Roughly translated to apply directly to Oregon's situation, this may mean that everyone concerned with Oregon's future should apply themselves not only to preserving and aiding our established firms and industries, but also to creating an environment which will attract firms in new and growing manufacturing industries. Efforts to bring in 'high-tech' firms have certainly fallen into this category, even if the current economy has meant that the good news has been less consistent than was originally anticipated.

To summarize, February's statistics provided little in the way of definite economic direction. But Oregon's economic statistics, when considered from an historical perspective, make it clear that we are part way through a major upheaval of our old economic structure. Where and when that upheaval leaves us is unknown at this time. We hope that all Oregonians are aware of the possible future consequences of the ongoing demise of our manufacturing base, even if this is offset by continued growth in service industries.□

ENTERPRISE ZONES IN ECONOMICALLY LAGGING AREAS

Norm Solomon

(Editor's Note: Mr. Solomon is the manager of the Oregon Economic Development Department's Enterprise Zone Program.)

In 1985 the Legislature enacted House Bill 2262, setting in motion the Enterprise Zone Program. This law, which took effect on January 1, 1986, allows the Governor to designate up to 30 Enterprise Zones. Ten of these may be designated during the first year. Unless terminated earlier, the life of the zone is 10 years.

Essentially, an Enterprise Zone is an economically distressed area of 12 square miles or less which qualifies for property tax exemptions and regulatory relief as a lure to new and expanded business investment. The exemption applies to new construction and facilities expansion, as well as to investments in new machinery and equipment. Firms qualify for these benefits by creating jobs primarily for zone residents and the economically disadvantaged.

Urban and Nonurban Enterprise Zones

The law distinguishes between two classes of enterprise zones: urban and nonurban.

Urban zones may consist of contiguous census tracts within the urbanized portion of a metropolitan statistical area. These zones qualify by meeting a hardship criterion based on median income, or through a finding of equivalent hardship by the Economic Development Commission.

Nonurban zones may be designated in non-MSA counties and in the nonurban portions of MSAs (in communities like Cottage Grove or Junction City, for example). They qualify for hardship by being located in Economically Lagging Areas, as defined in ORS 280.610.

Economically Lagging Areas

The 1977 Legislature originally created the Economically Lagging Area Tax Credit Program, with a sunset date of January 1, 1982. Counties were designated on the basis of either general economic condition or serious economic disruption. Other areas could only be designated upon specific application and upon recommendation to the Governor by the Commission. Between January 1, 1978 and the sunset of this legislation, 125 investments, totaling about $250 million, qualified for the ELA Tax Credit.

The 1981 Legislature declined to renew the tax credit and it sunsetted on January 1, 1982. However, ELAs continued to be designated, as the statutes require.

Economically Lagging Areas took on new significance with the passage of the Oregon Enterprise Zone Act.

Preliminary List

At its October 1985 meeting, the Economic Development Commission selected a preliminary list of 10 counties as Economically Lagging Areas. This preliminary list was based on an analysis of data on unemployment, median income and population growth, in comparison to statewide rates. The recent history of business closures in each county was also reviewed.

The 10 counties on the preliminary list were Baker, Coos, Curry, Douglas, Harney, Josephine, Lane, Linn, Tillamook and Umatilla. Also included on a pro forma basis was a Special Impact Area in Northeast Portland, so designated by the federal Economic Development Administration.

Baker County has had an unemployment rate higher than the statewide average every month since November 1981. Median income for both the county and city of Baker was about 81% of the statewide average, according to the 1980 Census. Baker County's population has declined consistently over the last two years, with a total loss of nearly 1.5%; Baker City's population has also declined by more than 1.8%.

Coos County has had an unemployment rate above the statewide average every month since August 1978. Coos County, as well as the cities of Coos Bay, Coquille and Myrtle Point, all have incomes below the statewide median. Coos County and each incorporated city except Powers have lost population over the last two years; Myrtle Point has lost more than seven percent. Weyerhaeuser closed down their plant in North Bend in May 1984, idling 200 workers. One hundred of these were rehired in August 1985, when the mill opened under new ownership.

Curry County has had an unemployment rate above the statewide average in 21 of the last 24 months. The county's median income is about 87% of the statewide median; the unincorporated community of Harbor, 81%. The county has lost 0.6% of its population over the last two years; Port Orford, 7.4%. Champion International laid off 322 employes in Gold Beach when it closed its plant permanently in June 1984.

Douglas County has had an unemployment rate higher than the statewide average every month since 1978. The county, as well as Roseburg, Sutherlin, Myrtle Creek and Winston, have median income levels below the statewide median. The county as a whole and the cities of Roseburg, Sutherlin, and Myrtle Creek have lost population over the last two years; Reedsport is growing, but at a rate slower than the statewide average.

Harney County has had an unemployment rate above the statewide average in 18 of the last 24 months. Median income in Burns is below the statewide median. The county has lost 3.5% of its population over the last two years; Burns, 2.9%; and Hines, 1.0%.

Josephine County has had an unemployment rate higher than the statewide average every month since 1978. Median income in the county is less than 78% of the statewide median; Grants Pass, 75%. Grants Pass continues to grow in population at a rate higher than the statewide average, but much of the attraction appears to be for noneconomic reasons. Also, some studies have discovered that part of the population gain has been due to families relocating from very high cost areas, such as Southern California, to take advantage of home equity gains and much lower living costs in Josephine County.

Lane County has had an unemployment rate above the statewide average in 15 of the last 24 months; Springfield, 24 of 24. The county's median income is 97% of the statewide average; Eugene and Springfield, both less than 90%; Junction City and Cottage Grove, less than 81%. The county and all incorporated cities except Florence, Dunes, and Creswell have lost population over the last two years. Oakridge is currently designated as an Economically Lagging Area, but the problems appear to be more generally felt throughout the county.

Linn County has had an unemployment rate above the statewide average every month since 1978. The county and Albany both have median incomes below the statewide median; Lebanon and Sweet Home, less than 80% of the statewide median. Sweet Home is losing population.

Tillamook County has had an unemployment rate above the statewide average for 20 of the last 24 months. The county's median income is 85% of the statewide median; Tillamook City, 82%. The city of Tillamook has also lost 0.5% of its population over the last two years.

Umatilla County has had an unemployment rate higher than the statewide average for 20 of the last 24 months. The county's median income is less than

94% of the statewide median; Pendleton, 94%; Hermiston, 95%; and Milton-Freewater, 72%. Pendleton, Pilot Rock and Umatilla have all lost population over the last two years; Pendleton, 2.7%. Although Pilot Rock is currently designated an Economically Lagging Area, the economic hardships are apparently more widespread throughout the county.

Comment Period

The preliminary list was sent to each county and city in the state for a 45-day comment period. During this time counties on the preliminary list were invited to respond to the prospect of being designated Economically Lagging Areas.

Counties not on the list and cities were also invited to apply to the Economic Development Commission for inclusion on the final list.

Final Test

All counties on the preliminary list opted to accept the Economically Lagging Area designation.

Eight counties and the Cities of Toledo and Redmond also applied, providing data and documentation to bolster their cases. The eight counties were Clatsop, Columbia, Crook, Deschutes, Hood River, Klamath, Malheur and Wasco.

At its meeting last December, the Economic Development Commission decided unanimously to recommend that all of the preliminary list plus the eight applying counties and the City of Toledo be designated Economically Lagging Areas. The City of Redmond's application was made unnecessary by including Deschutes County. This recommendation was sent to the Governor for official designation.

Clatsop County and Astoria had median family incomes at 91% of the statewide median; Seaside, 70%. The county unemployment rate has exceeded the statewide rate in 14 of the previous 24 months. Astoria's population had declined 1.5% over two years, and the county population grew more slowly than the state between 1983 and 1984. The most severe impact in recent years has been in seafood processing, with a loss of 900 jobs since 1978.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985
TOTAL MANUFACTURING 4/	$420.72	$416.42	$413.79	39.1	39.1	39.0	$10.76	$10.65	$10.61
Durable Goods	430.64	423.44	425.58	39.8	39.5	39.7	10.82	10.72	10.72
Lumber & Wood Products	436.08	447.52	446.08	39.5	40.1	39.9	11.04	11.16	11.18
Logging & Sawmills	457.06	476.80	483.98	38.8	39.8	40.5	11.78	11.98	11.95
Veneer & Plywood	454.69	449.22	453.17	41.6	41.1	40.9	10.93	10.93	11.08
Millwork & Struct Wood	356.57	362.23	326.20	39.4	40.7	36.9	9.05	8.90	8.84
Mobile Homes	290.68	250.75	247.51	33.8	29.5	30.9	8.60	8.50	8.01
Other Wood Products	425.88	453.17	426.78	39.0	40.9	39.7	10.92	11.08	10.75
Furniture & Fixtures	313.60	321.93	242.24	39.2	39.5	32.0	8.00	8.15	7.57
Primary Metals	479.04	508.57	483.89	40.7	42.1	41.5	11.77	12.08	11.66
Fabricated Metals	400.16	394.49	378.38	38.7	38.6	37.8	10.34	10.22	10.01
Machinery	412.40	423.20	421.22	37.8	40.0	39.7	10.91	10.58	10.61
Nondurable Goods	391.78	395.20	380.73	37.1	38.0	37.0	10.56	10.40	10.29
Food & Kindred Products	328.59	326.14	318.41	35.6	35.8	35.3	9.23	9.11	9.02
Canning & Preserving	258.79	274.03	256.41	32.8	34.6	33.0	7.89	7.92	7.77
Other Food Products	413.12	391.28	408.67	38.9	37.3	38.7	10.62	10.49	10.56
Textile Mill Products	242.50	241.13	229.59	38.8	39.4	37.7	6.25	6.12	6.09
Apparel	222.66	252.43	204.40	39.2	43.9	37.3	5.68	5.75	5.48
Paper & Allied Products	610.64	624.09	588.35	40.9	42.6	41.0	14.93	14.65	14.35
Printing & Publishing	383.64	389.13	409.37	35.1	35.7	36.1	10.93	10.90	11.34
Construction 4/	453.55	503.78	503.96	33.3	36.4	34.4	13.62	13.84	14.65
Communications & Utilities 5/	500.14	511.68	494.27	41.3	41.6	39.7	12.11	12.30	12.45
Trade 5/	282.41	286.01	286.71	33.7	34.5	33.3	8.38	8.29	8.61
Wholesale Trade	379.50	390.85	386.15	37.5	37.8	37.6	10.12	10.34	10.27
Retail Trade	234.37	237.60	238.68	31.8	33.0	31.2	7.37	7.20	7.65
Banking & Insurance	291.71	302.30	276.66						
State & Local Government	340.02	344.17	324.77						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Columbia County has a per capita income at 96% of the statewide rate. Its population did not grow between 1982 and 1984. Although the unemployment rate exceeded the statewide rate in only three of the last 24 months, there is reason to believe that rates were understated by as much as 0.5%, since many unemployment claims are filed out-of-state. Recent and announced business closures and shutdowns mean a loss of 215 jobs.

Crook County had an unemployment rate higher than the state in 17 of the last 24 months. Median family income is 92% of the state's, and population in Prineville has declined by 1.1% over the last two years. Hudspeth Sawmill closed in 1981, and a proposed land trade between the Bureau of Land Management and the U.S. Forest Service has created some uncertainty in the local lumber and wood products industry.

Deschutes County has had an unemployment rate higher than the statewide figure every month since 1978. Population has declined by more than 0.5% over the last two years. County per capita income is 92% of the statewide average; Bend, 95%; and Redmond, 76%. The Federal Government has designated Deschutes County as a Labor Surplus Area and a Long-Term Economic Deterioration Area. Air carrier service at Redmond Airport was recently reduced to flights between Redmond and Portland.

Hood River County has exceeded the state's unemployment rate in 20 of the last 24 months. Per capita income is less than 96% of the statewide average. Major business closures within the county have accounted for the recent loss of 392 jobs. The federal Economic Development Administration has declared the county eligible both for Sudden and Severe Dislocation and for Long-term Economic Dislocation assistance.

Klamath County has declined in population by 1.7% over the last two years. Per capita income is 88% of the statewide figure, and unemployment has exceeded the statewide rate for 18 of 24 months. Recent business closures have accounted for more than 750 lost jobs.

Malheur County has per capita income at 72% of the statewide average. The unemployment rate has exceeded the statewide figure in 19 of 24 months. Particularly hard-hit is Nyssa, with 10 business closures accounting for 100 jobs lost since 1980.

Wasco County has exceeded the state unemployment rate in 23 of 24 months. Population has declined by 0.9% over the last two years, and per capita income is 96% of the statewide average. Much of the distress is attributable to the closure of the Martin Marietta aluminum plant in The Dalles, resulting in a loss of 669 jobs since April 1982.

Toledo grew in population at one-third the rate of the rest of the state between 1983 and 1984. Per capita income is 97% of the state average. The county's unemployment rate exceeded the state average in 18 of 24 months. The greatest source of distress was the closure of the Georgia-Pacific plywood mill in 1984, with 220 direct layoffs and dozens of others by private contractors.

Summary

Last July, Oregon became the 26th state to pass Enterprise Zone legislation. Since that time several communities have expressed interest in the program. Nearly all of the interest has come from the non-urban portions of the state's Economically Lagging Areas.

Prospective investors have also shown an interest in the program. We hope this will lead to a revitalization of investment and job creation in areas now lagging economically for one reason or another.

On March 11, the Governor designated the following 10 areas as Enterprise Zones:

1. Coos Bay/North Bend
2. Toledo
3. Klamath Falls
4. Lebanon
5. St. Helens/Columbia City
6. Baker
7. N/N.E. Portland
8. The Dalles
9. Sweet Home
10. Albany

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

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APRIL 1986

MARCH INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
Mar.	1986	9.1
Feb.	1986	8.7
Mar.	1985	10.4
U.S.		
Mar.	1986	7.2
Feb.	1986	7.3
Mar.	1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Mar.	1986	111.4
Feb.	1986	111.7
Jan.	1986	111.6
Dec.	1985	111.2
Nov.	1985	111.0

DIFFUSION INDEX

Oregon		
Mar.	1986	48.4
Feb.	1986	52.3
Jan.	1986	49.6
Dec.	1985	55.8
Nov.	1985	52.3

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Feb.	1986	38.6
Jan.	1986	39.1
Feb.	1985	38.3

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Jan. 1986	321.3
Yearly Change	+ 4.7%
U.S.	
Mar. 1986	315.0
Yearly Change	+ 1.9%
Portland Hotline	221-4132

STRONG MIXED SIGNALS

Frank Ryals

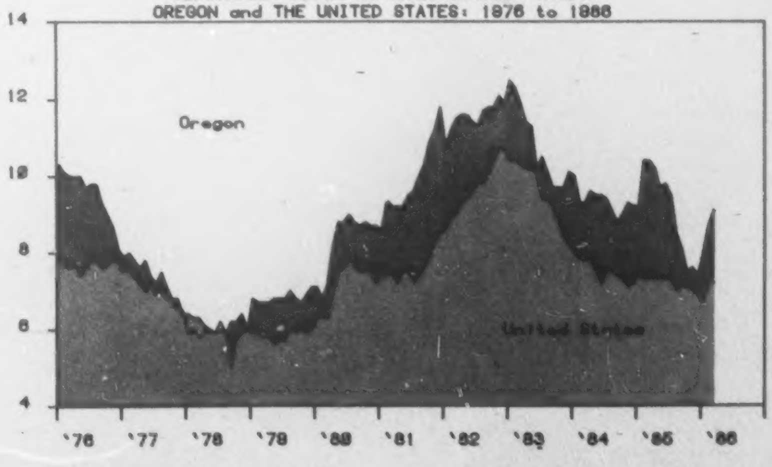
It is for times like these that Oregon Labor Trends exists. March 1986 brings Oregonians good news about falling interest rates, lower oil prices, increased lumber orders and prices and a sense of optimism. Then why does March 1986 also bring us the sharpest declines in our economic indicators in over a year? Is Oregon ignoring national trends again? Have we reached an economic turning point?

Current economic indicators are sending us strong but contradictory messages as to what lies ahead for Oregonians. It could be valid to conclude that there is no trend, but what is more likely is a combination of two trends. First, we are seeing Oregon's sluggish and inconsistent economic recovery beginning to weaken. Second, some of the nation's leading indicators, including interest rates and oil prices, are signalling an upturn in the business cycle.

Oregon has an interest rate-sensitive economy, and lower oil prices benefit almost everyone. Therefore, we are probably headed for an upswing in the business cycle. However, these benefits have not yet shown up in our monthly employment statistics. How do we reconcile a slumping economy with what looks like good times ahead? A quick review of recent history will help to explain the apparent inconsistencies in March's indicators.

As 1985 ended, Oregon's indicators told one story--that the state's economic recovery was beginning to pick up steam. Now, a different picture is emerging. In the face of the lowest interest rates and oil prices in at least six years, and several

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

CPI DATA CORRECTION

The Consumer Price Index data on page 1 of the April 1986 issue of Oregon Labor Trends is in error. The correct CPI-U data for March 1986 is:

CONSUMER PRICE INDEX (CPI)
1967=100
ALL URBAN CONSUMERS

Portland MSA	
Mar. 1986	315.0
Yearly Change	+ 1.9%
U.S.	
Mar. 1986	326.0
Yearly Change	+ 2.3%
Portland Hotline	221-4132

RESIDENT OREGON LABOR FORCE

	1/ MAR. 1986	2/ FEB. 1986	CHANGE	% CHANGE	5/ MAR. 1985
CIVILIAN LABOR FORCE 3/	1,326,300	1,328,500	- 2,200	- 0.2	1,321,800
UNEMPLOYMENT	129,700	129,200	500	0.4	146,900
PERCENT OF LABOR FORCE	9.8	9.7	XXX	XXX	11.1
SEASONALLY ADJUSTED PERCENT	9.1	8.7	XXX	XXX	10.4
TOTAL EMPLOYMENT 4/	1,196,600	1,199,300	- 2,700	- 0.2	1,174,900

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	1/ MAR. 1986	2/ FEB. 1986	MAR. 1985	FEB. 1986	MAR. 1985
TOTAL 3/	1,029,100	1,024,400	1,008,300	4,700	20,800
WAGE & SALARY EMPLOYMENT INDEX 4/	111.4	111.7	109.2	XXX	XXX
DIFFUSION INDEX 5/	48.4	52.3	48.8	XXX	XXX
TOTAL MANUFACTURING	193,300	193,000	192,900	300	400
DURABLE GOODS	142,900	142,900	142,100	0	800
LUMBER & WOOD PRODUCTS	62,300	61,800	60,900	500	1,400
LOGGING & SAWMILLS	32,400	31,800	30,800	600	1,600
VENEER & PLYWOOD	16,300	16,200	16,500	100	- 200
MILLWORK & STRUCTURAL WOOD	8,600	8,700	8,300	- 100	300
MOBILE HOMES	1,500	1,500	1,500	0	0
OTHER WOOD PRODUCTS	3,500	3,600	3,800	- 100	- 300
FURNITURE AND FIXTURES	2,800	2,800	2,600	0	200
STONE, CLAY, GLASS & CONCRETE	2,700	2,600	2,900	100	- 200
PRIMARY METALS	8,600	8,600	8,900	0	- 300
BLAST FURNACES, IRON & STEEL	5,500	5,500	5,500	0	0
NONFERROUS METALS	3,100	3,100	3,400	0	- 300
FABRICATED METALS	11,500	11,500	10,400	0	1,100
FABRICATED STRUCTURAL METALS	6,000	5,900	4,800	100	1,200
OTHER FABRICATED METALS	5,500	5,600	5,600	- 100	- 100
MACHINERY	15,000	15,100	15,900	- 100	- 900
ELECTRICAL EQUIPMENT & SUPPLIES	12,900	13,500	14,400	- 600	- 1,500
TRANSPORTATION EQUIPMENT	10,600	10,400	8,800	200	1,800
INSTRUMENTS & RELATED PRODUCTS	14,000	14,100	14,800	- 100	- 800
MISCELLANEOUS MANUFACTURING	2,500	2,500	2,500	0	0
NONDURABLE GOODS	50,400	50,100	50,800	300	- 400
FOOD & KINDRED PRODUCTS	19,700	19,800	20,500	- 100	- 800
CANNING & PRESERVING	9,700	9,800	10,300	- 100	- 600
OTHER FOOD PRODUCTS	10,000	10,000	10,200	0	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,400	2,300	2,600	100	- 200
PAPER & ALLIED PRODUCTS	9,100	9,100	8,800	0	300
PRINTING & PUBLISHING	11,600	11,400	11,300	200	300
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	2,100	0	- 200
PETROLEUM REFINING	300	300	400	0	- 100
RUBBER & PLASTIC PRODUCTS	3,200	3,100	3,000	100	200
LEATHER PRODUCTS	600	600	400	0	200

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	MAR. 1986	FEB. 1986	MAR. 1985	CHANGE FROM FEB. 1986	CHANGE FROM MAR. 1985
(CONT.)					
TOTAL NONMANUFACTURING	835,800	831,400	815,400	4,400	20,400
MINING & QUARRYING	1,500	1,500	1,400	0	100
CONSTRUCTION	27,800	27,500	28,700	300	-900
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,900	58,000	56,700	-100	1,200
TRANSPORTATION	36,400	36,400	35,000	0	1,400
RAILROAD	4,700	4,700	5,200	0	-500
TRUCKING & WAREHOUSING	20,300	20,200	19,000	100	1,300
OTHER TRANSPORTATION	11,400	11,500	10,800	-100	600
COMMUNICATIONS	13,000	13,100	13,200	-100	-200
UTILITIES	8,500	8,500	8,500	0	0
TRADE	256,600	255,400	251,000	1,200	5,600
WHOLESALE TRADE	67,200	66,900	65,000	300	2,200
DURABLE GOODS	39,000	39,000	38,100	0	900
NONDURABLE GOODS	28,200	27,900	26,900	300	1,300
RETAIL TRADE	189,400	188,500	186,000	900	3,400
GENERAL MERCHANDISE	24,600	25,300	24,200	-700	400
FOOD STORES	29,900	29,700	28,800	200	1,100
AUTO DEALERS & SERVICE STATIONS	23,500	23,600	23,800	-100	-300
OTHER RETAIL TRADE	111,400	109,900	109,200	1,500	2,200
FINANCE, INSURANCE, & REAL ESTATE	66,700	66,400	65,000	300	1,700
BANKING & CREDIT AGENCIES	23,500	23,500	23,300	0	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	43,200	42,900	41,700	300	1,500
SERVICES	219,600	218,000	211,300	1,600	8,300
HOTELS & PERSONAL SERVICES	24,000	23,300	24,600	700	-600
HEALTH SERVICES	71,500	71,400	68,100	100	3,400
OTHER SERVICES	124,100	123,300	118,600	800	5,500
GOVERNMENT	205,700	204,600	201,300	1,100	4,400
FEDERAL GOVERNMENT	28,200	28,100	28,000	100	200
STATE GOVERNMENT	55,700	55,400	54,900	300	800
EDUCATION	24,500	24,400	23,800	100	700
OTHER STATE	31,200	31,000	31,100	200	100
LOCAL GOVERNMENT	121,800	121,100	118,400	700	3,400
EDUCATION	78,900	78,700	77,300	200	1,600
OTHER LOCAL	42,900	42,400	41,100	500	1,800
LABOR-MANAGEMENT DISPUTES	0	0	-600	0	-600

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

months of improvement, Oregon's economic indicators have slumped, reflecting at least a temporary halt to the fragile recovery.

First on the list of slumping indicators is the seasonally adjusted unemployment rate which rose 0.4% in March to 9.1%. While this is 1.3% lower than March 1985, it still represents the third consecutive rise in the jobless rate.

Oregon's two employment-related indicators also showed weakness. The nonfarm wage and salary employment index fell to 111.4 in March from 111.7 a month ago. This is the second monthly loss for this indicator. The state's diffusion index, which indicates the percentage of industries that are expanding, dropped almost four points to 48.4.

An overall look at Oregon's job trends leads us to a couple of conclusions. First, most sectors of the economy are doing better now than they were in March 1985. Second, unlike recent months, most of the major industries did not do nearly as well this March as was seasonally expected.

When we break March's overall job trend into its industrial components, we see a lack of consistent signals. Total manufacturing employment was up 300 in March, 400 more than this time last year, but 900 less than expected. These disappointing totals, however, hide some very good news. Lumber and wood products, responding to higher lumber and plywood prices, added 500 workers in March, 800 more than seasonally expected. In fact, two mills in the Linn-Benton area have reopened, and the Port of Coos Bay has approved bonds for the construction of a new Red Cedar sawmill which will provide about 60 jobs in that area upon completion in 1987.

Lower interest rates are the tinder which has sparked this unseasonal growth. However, because of technological changes in Oregon's timber industry and strong competition with Canadian and Southern U.S. producers, the total number of workers needed in the state's lumber, plywood, veneer, and particle board mills may increase slightly but will remain well below the 1979 peak.

Logging and sawmills increased by 600 from last month, and plywood and veneer by 100. Millwork and structural wood and other wood products each lost 100. Mobile home manufacturing remained unchanged.

Other durable goods manufacturing unfortunately, did not fare as well as lumber and wood. Job losses totalled 500, instead of the 1,200 seasonal increase expected.

The manufacturing industry with the largest job loss in March was electrical equipment and supplies (-600). This sector, which includes most of Oregon's "high-tech" manufacturing firms, employed a high of 14,700 in late 1984. By March 1986, employment had slipped to 12,900.

Nondurable goods manufacturing added 300 workers in March, 400 less than in March 1985. Food and kindred products employment declined by 100 in March, and was 800 less than March last year. Other nondurable goods manufacturing, however, gained 400, which is 200 over seasonal expectations. One half of this gain was in the printing and publishing industry, while apparel and rubber & plastic products each added 100 workers.

Oregon's nonmanufacturing sector, as a whole, showed employment gains both over the month (4,400) and over the year (20,400). The March increase, however, was 2,700 less than seasonally expected. Construction added 300 new jobs in March, but this was 700 below normal and 900 less than March 1985. This weakness is hard to accept in the face of falling interest rates and rising lumber prices and orders. However, actual construction activity typically lags behind declining interest rates and rising lumber sales. There is pent-up demand for residential housing in Oregon, but the large supply of existing homes for sale puts a damper on new home construction activity.

Transportation, communications, and utilities employment dipped slightly in March, but was 1,200 higher than a year ago. Most of this gain came in trucking.

Oregon's trade and service sectors are further cases of how economic signals can appear to be so mixed up. After months of growth, these industries are now lagging behind their seasonal patterns. Although this is the first period of seasonally adjusted employment losses in many months, the important thing to remember is that since 1982, these two industries have provided about two thirds of the total employment growth. In just the past year, trade and services accounted for about 14,000 of the 20,800 new payroll jobs, while manufacturing only added 400 jobs.

Traditional economic theory argues that the nonmanufacturing sector of any economy is built around a natural resource and manufacturing base, and that trade, finance, services, and government sectors cannot continue to grow when manufacturing does not. If this belief is true, then there are limits to how many nonmanufacturing jobs can continue to be created in Oregon, given the weak condition of our basic natural resource and manufacturing industries.

The trade sector saw an increase of 1,200 jobs in March, but an increase of 2,500 was expected. The additional jobs, however, put trade employment 5,600 above a year ago. Only eating and drinking places posted significant gains, accounting for 1,400 new jobs. General merchandise stores lost 700, and auto dealers and service stations fell by 100. The remaining trade industries made small improvements, of all of which fell short of their seasonal standards.

Service industries, which had boasted seasonally adjusted employment increases for the last 14 months in a row, added just 1,600 new jobs in March instead of the 2,200 expected. March, with its improving weather and spring vacation week, brought an employment increase of about 600 workers at the state's hotels, motels, and resorts. Business services added another 700.

Government grew by 1,100, which is about normal for March. The breakdown of these new hires was 700 in local government, 300 at the state level and 100 in federal employment.

To conclude, then, what we see in March 1986 is not a lack of direction nor a major turnaround. Rather, it is a weakening of the recent growth trend in Oregon. Whether this slower pattern will be temporary or of longer duration is still uncertain, particularly in view of the problems still facing the state's basic natural resource and manufacturing industries. Although improvement in the nation's leading economic indicators has not yet fully impacted Oregon, we are hopeful that March's strong but mixed signals will soon give way to better times ahead.□

DASIE AND EXPORT - RELATED INDUSTRIES

Duane Ackerson

DASIE, the acronym for the Data Analysis System for Industry Employment, is a computer software package with a variety of economic development applications. Though the package was intended to be used in conjunction with the Occupational Employment Statistics (OES) program, DASIE has the potential for effective use in economic base analysis.

The DASIE package contains programs that may be used to update information on employment on an annual basis by area (U.S., Oregon, district, and county) and industry. This data may also be aggregated by industry groups at the various geographic levels. DASIE provides area, industry, and shift share analyses. Industry data is displayed at the two or three digit Standard Industrial Classification (SIC) level and at the summary level.

The source of U.S. employment is primarily CES (Current Employment Statistics) data. Recent annual average employment data is from the Employment, Hours, and Earnings Supplement and Employment and Wages published by the Bureau of Labor Statistics. Oregon statewide and substate level data are derived from employer unemployment insurance tax records.

Once employment is updated, the analyst may specify a base year (for example, 1984), and then project employment eight years from the base year, specifying industry or shift share analysis as the particular approach. The area analysis is used primarily to display past employment change rather than produce projections; if the year requested is 1983, the area analysis shows the employment change 1979-83, as well as 1983 location quotients for each industry.

In addition to projections of future employment levels, the DASIE industry analysis also produces, for each specified industry, whether at summary (i.e., Durable Goods Manufacturing), two digit (for example, 24 for Lumber and Wood Products), or three digit (such as 242 for Sawmills and Planing Mills) level, a table that displays employment by year for that industry or industry group, as well as various comparisons, including location quotients by year for each industry. The location quotient is an economic base analysis tool that is derived by first computing an area's ratio of employment in a specific industry to employment in all industries in that area. This result is then divided by a second ratio, that of national employment in the same industry divided by national employment in all industries. It is possible, using this tool, to determine if an area has more, less than, or an equivalent share of national employment in a given industry. An LQ of 1.00 represents an equivalent share, and numbers above and below this base line represent excess or less than national shares of employment respectively.

Let's look at five two digit SIC's: Food & Kindred Products (SIC 20), Food Stores (SIC 54), Paper & Allied Products (SIC 26), Primary Metal Industries (SIC 33), and Fabricated Metal Products (SIC 34). Of these, Food & Kindred Products (LQ=1.42) and Paper & Allied Products (1.26) are export, or basic industries. Here, employment is more than that required to produce goods for Oregon use and the excess is exported. Food Stores (LQ .99) and Primary Metals(1.00)are more or less in equilibrium, and Fabricated Metal Products (LQ .68) is an import industry, producing less on a statewide level than is needed to meet demand; therefore, additional metal products are imported. The same definitions apply to service industries.

The following table displays the top 10 three digit industry groups in Oregon in 1984 ranked by location quotient and also ranked in terms of export, or excess, employment.

1984 Top 10 SIC's (Ranked by LQ with Export Emp. Ranking)

SIC	Industry Title	LQ	Export Emp.	Rank
241	Logging Camps & Logging Contractors	14.13	11,934	3
243	Millwork, Plywood & Struct. Members	11.00	23,290	1
242	Sawmills & Planing Mills	10.71	20,546	2
333	Primary Nonferrous Metals	5.46	2,407	13
203	Preserved Fruits and Vegetables	5.07	9,946	5
382	Measuring & Controlling Instruments	4.56	9,276	6
249	Miscellaneous Wood Products	4.13	2,568	12
704	Organization Hotels & Lodging Houses	3.45	175	71
263	Paperboard Mills	3.19	1,331	23
653	Real Estate Agents(incl. Non-Covered)	2.93	8,418	7

The next table displays industries with employment over 100 that rank in the bottom 10 statewide.

1984 Bottom 10 SIC's (Ranked by LQ)

SIC	Industry Title	LQ	Employment
138	Oil and Gas Field Services	.04	179
364	Electric Lighting and Wiring Equipment	.08	166
282	Plastics Materials and Synthetics	.08	177
314	Footwear, Except Rubber	.10	314
346	Metal Stampings	.10	261
283	Drugs	.10	223
284	Soap, Cleaners, and Toilet Goods	.13	210
273	Books	.14	158
335	Nonferrous Rolling and Drawing	.15	317
329	Misc. Nonmetallic Mineral Prod.	.15	188

Location quotients may be produced at the substate (district or county) as well as the statewide level. For example, SIC 24, Lumber and Wood Products, had an Oregon LQ in 1984 of 9.02, while District 4 (Linn-Benton) shows an LQ for this industry of 16.97, an LQ very comparable to the 17.17 in District 5 (Lane County). These LQ's are approximately ten times those for SIC 24 in the Portland metropolitan area. However, 1.74 in itself could be a misleading measure if you were to just look at Lumber and Wood Products at the Portland metro level. The LQ for Multnomah County, the most heavily urbanized portion of the district, is 1.03. This suggests that any excess employment is largely in the other two counties, and that we shouldn't expect to see many sawmills springing up soon on Broadway or Burnside. The following table shows these comparisons. State (or area) supported employment is calculated by dividing total employment in an SIC by its LQ; subtracting this supported portion from total SIC employment produces export employment, the amount that may be regarded as surplus for a state or area.

Lumber and Wood Products 1984:
Some Comparative Measures

Area	LQ	Emp.	Area Supported Employment	Export Emp.	Export as % of State Ind. Emp.
Oregon	9.02	66,575	7,380	59,195	88.9
Districts:					
1(N.Coast)	12.74	3,302	265	3,037	4.6
2(Clack/Mult/Wash)	1.74	6,266	3,601	2,665	4.0
3(Mar/Polk/Yam)	6.21	4,736	763	3,973	6.0
4(Linn/Benton)	16.97	6,451	380	6,071	9.1
5(Lane)	17.17	11,805	688	11,117	16.7
6(Douglas)	36.46	8,134	223	7,911	11.9
7(Coos/Curry)	26.14	4,387	168	4,219	6.3
8(Jack/Jos)	17.21	7,412	431	6,981	10.5
9(HR/Sher/Was)	9.05	976	108	868	1.3
10(Crook/Des/Jeff)	24.11	5,212	216	4,996	7.5
11(Klam/Lake)	27.50	4,146	151	3,995	6.0
12(NE Ore)	5.33	1,009	189	820	1.2
13(Bak/Union/Wa)	20.90	2,096	100	1,996	3.0
14(Harn/Malheur)	5.70	495	87	408	.6
Multnomah	1.03	2,445	2,374	70	.1

The above table also includes one county in order to compare industry activity in District 2 with that in Multnomah. This inclusion also indicates that LQ's only tell part of the story. By looking at employment and then calculating excess employment, we can arrive at a better picture of how employment is distributed than from looking at LQ's alone. For example, the .71 difference in LQ between District 2 and Multnomah translates into 2595 in surplus employment in the balance of District 2 in Lumber and Wood Products, contrasted with a surplus of a mere 70 in Multnomah.

Since LQ's are calculated using national employment ratios in the denominator, they won't show how an industry in a particular area fares when compared with the state as a whole. Union County, with an impressive LQ of 23.45 in SIC 24, has only two percent of the total state employment in lumber and wood products. Still, with that industry providing 1,316 jobs, or 17.6 percent of total county employment, it is critical to the economy of Union County. Now to look at a "low" LQ: in Lane County, the 1984 LQ for the construction industry is .66. This might seem rather dismal, and evoke images of families in the streets pleading for future homes to be built, or construction workers streaming out of town in search of work elsewhere in the Willamette Valley. However, looking beyond to the state, we notice that the Oregon LQ for construction is .65. Substituting a statewide, rather than national ratio, we can see that Lane is providing a bit more than the state norm to employment in construction. This method can be used to produce state-weighted LQ's.

In summary, DASIE provides employment projections and other comparative measures besides the location quotient. However, the LQ can be of particular value in identifying and assessing export-oriented industries either at a state or local level.□

EMPLOYERS CORNER — UNEMPLOYMENT INSURANCE TAX TIPS

Dorothy Monnier

The subject this month is "Excess Wages". What are excess wages, how are they reported, and why?

Each year all employers are notified on their Tax Rate Notice of their Unemployment Insurance tax rate for the calendar year and what the Taxable Wage Base will be for the year. For 1986, the Taxable Wage Base is $14,000. This means that once an individual employe is paid $14,000.00, the remainder of his/her wages are no longer subject to Oregon unemployment insurance contributions. In other words, the employer is no longer required to pay the UI tax on that individual's wages.

On the 1986 EMPLOYER'S TAX REPORTS, Item 3 is the location where this information on wages in excess of $14,000 is reported.

Many employers maintain a Year-To-Date (YTD) payroll ledger which has a "flag" to tell them just when each employe reaches the taxable wage limit. The indicator insures that they only pay the UI tax on those employes that have not reached the taxable limit.

When employers prepare their annual FUTA tax report (Form 940) for the IRS, they frequently find they have over-reported wages on their Oregon unemployment insurance quarterly tax report. If they have not claimed the excess wages, they have paid more taxes than due. Overpayment of tax can be returned to employers if discovered soon enough, but this costs both the employer and the agency. The Year-To-Date computation will help avoid this.

If an employer pays UI tax only on the first $14,000 paid to each employe, then why must total wages be reported also?

The main reason for reporting total wages is for use in future benefit claims. Unemployment benefits in Oregon are based on total wages received by the individual, not just taxable wages. The total wage figure is also used to check the accuracy of report processing.□

HOURS & EARNINGS

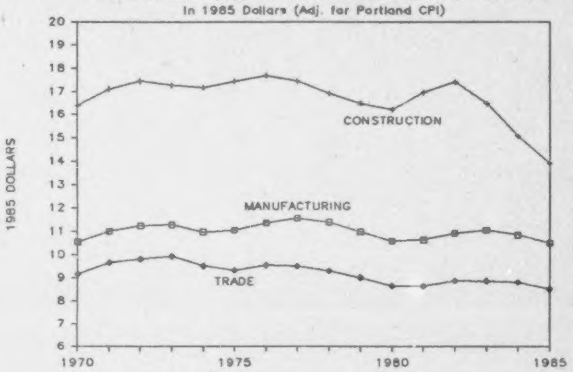
Art Ayre

The 1985 annual averages have now been computed for hourly earnings, weekly earnings, and hours worked per week for Oregon's manufacturing industries and selected nonmanufacturing industries. When adjusted downward for the rise in Portland's Consumer Price Index (CPI), the hourly earnings of only two industries - paper and allied products and mobile home manufacturing - show a net increase over 1984 levels. All other industries show a net decline in CPI-adjusted hourly earnings. Indeed, a few industries suffered a decline in actual (current dollar) hourly earnings. For example, construction workers' actual hourly earnings dropped from $14.53 in 1984 to $13.89 in 1985.

The CPI-adjusted hourly earnings in the depressed construction industry have fallen even more dramatically since 1982. While modest increases in the CPI are partly responsible for this decline, actual hourly earnings have also dropped from a yearly average of $16.00 in 1982 to $13.89 in 1985. Actual hourly earnings in the trade industry and in the manufacturing sector have increased over the past several years, but at a slower rate than the rise of the CPI. This results in a decline in the CPI-adjusted hourly earnings of these industries. In 1985, actual hourly earnings in trade and manufacturing were $8.51 and $10.49 respectively.

OREGON REAL HOURLY EARNINGS

In 1985 Dollars (Adj. for Portland CPI)



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Feb. 2/ 1936	Jan. 3/ 1986	Feb. 1985	Feb. 2/ 1986	Jan. 3/ 1986	Feb. 1985	Feb. 2/ 1986	Jan. 3/ 1986	Feb. 1985
TOTAL MANUFACTURING 4/	$414.18	$418.76	$403.30	38.6	39.1	38.3	$10.73	$10.71	$10.53
Durable Goods	422.37	427.85	410.22	39.0	39.8	38.7	10.83	10.75	10.60
Lumber & Wood Products	446.08	435.60	431.46	39.9	39.6	38.8	11.18	11.00	11.12
Logging & Sawmills	472.78	460.99	456.61	39.3	39.1	38.5	12.03	11.79	11.86
Veneer & Plywood	458.64	447.86	452.28	42.0	41.7	40.6	10.92	10.74	11.14
Millwork & Struct Wood	350.75	353.70	325.74	38.8	39.3	37.1	9.04	9.00	8.78
Mobile Homes	272.06	287.57	250.29	32.7	33.4	30.9	8.32	8.61	8.10
Other Wood Products	446.35	425.88	425.46	40.8	39.0	40.1	10.94	10.92	10.61
Furniture & Fixtures	315.08	312.42	271.36	43.7	39.2	35.8	7.21	7.97	7.58
Primary Metals	486.98	475.07	491.84	41.2	40.5	42.4	11.82	11.73	11.60
Fabricated Metals	394.26	389.13	376.35	37.3	38.3	38.6	10.57	10.16	9.75
Machinery	424.34	407.74	422.80	39.4	38.0	40.0	10.77	10.73	10.57
Nondurable Goods	388.29	391.09	380.73	37.3	37.0	37.0	10.41	10.57	10.29
Food & Kindred Products	329.44	325.83	325.38	35.5	34.7	35.1	9.28	9.39	9.27
Canning & Preserving	258.30	245.23	263.25	33.2	31.2	32.5	7.78	7.86	8.10
Other Food Products	421.96	416.03	415.84	38.5	38.7	38.9	10.96	10.75	10.69
Textile Mill Products	239.32	241.49	232.56	38.6	38.7	38.0	6.20	6.24	6.12
Apparel	220.02	221.56	215.63	38.0	38.6	38.3	5.79	5.74	5.63
Paper & Allied Products	595.54	604.58	574.90	41.1	41.1	41.3	14.49	14.71	13.92
Printing & Publishing	402.96	390.82	400.20	36.8	35.4	35.7	10.95	11.04	11.21
Construction 4/	435.50	452.57	486.18	32.5	33.4	33.3	13.40	13.55	14.60
Communications & Utilities 5/	517.09	502.65	495.60	41.5	40.7	40.0	12.46	12.35	12.39
Trade 5/	284.75	278.72	282.81	33.5	33.5	33.0	8.50	8.32	8.57
Wholesale Trade	382.79	377.10	383.35	37.2	37.3	37.4	10.29	10.11	10.25
Retail Trade	236.48	231.09	233.46	31.7	31.7	30.8	7.46	7.29	7.58
Banking & Insurance	302.88	294.86	281.47						
State & Local Government	339.97	339.86	326.37						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

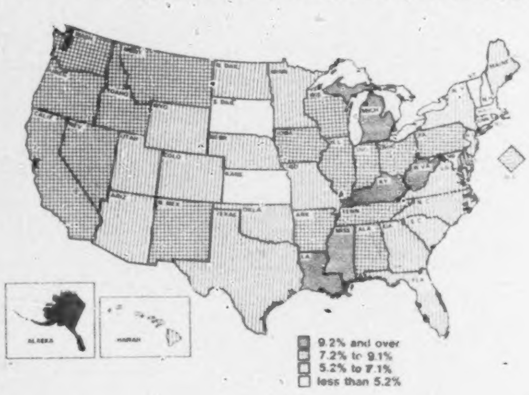
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

The graph shows the CPI-adjusted (real) hourly earnings since 1970 in the manufacturing sector and in the construction and trade industries. Periods of increasing inflation rates (1972-1974, 1977-1979, and 1984) are historically associated with declining real wages. Similarly, periods of decreasing inflation rates (1975-1976 and 1980-1983) have usually allowed real wages to edge back up again.

In 1985, the rate of inflation was 3.8%, unchanged from 1984, as measured by the yearly change in Portland's CPI-U. However, real wages continued to decline in 1985. As lower oil prices, highly competitive markets, and above-average unemployment keep inflation at bay, real wages may rise modestly in 1986, or at least show smaller declines than in 1985.□

Unemployment Rates by State, 1985 Annual Average



STATE UNEMPLOYMENT RATES

	1985 Rank	1985	1984	Change
United States		7.3	7.6	-0.3
West Virginia	1	13.0	15.0	-2.0
Louisiana	2	11.5	10.0	1.5
Mississippi	3	10.3	10.8	-0.5
Michigan	4	9.9	11.2	-1.3
Alaska	5	9.7	10.0	-0.3
Kentucky	6	9.5	9.3	0.2
Illinois	7	9.0	9.1	-0.1
Alabama	8	8.9	11.1	-2.2
Ohio	8	8.9	9.4	-0.5
New Mexico	9	8.8	7.5	1.3
➡ Oregon	9	8.8	9.4	-0.6
Arkansas	10	8.7	8.9	-0.2
Washington	11	8.1	9.5	-1.4
Nevada	12	8.0	7.8	0.2
Iowa	12	8.0	7.0	1.0
Pennsylvania	12	8.0	9.1	-1.1
Tennessee	12	8.0	8.6	-0.6
Idaho	13	7.9	7.2	0.7
Indiana	13	7.9	8.6	-0.7
Montana	14	7.7	7.4	0.3
California	15	7.2	7.8	-0.6
Wisconsin	15	7.2	7.3	-0.1
Oklahoma	16	7.1	7.0	0.1
Wyoming	16	7.1	6.3	0.8
Texas	17	7.0	5.9	1.1
South Carolina	18	6.8	7.1	-0.3
Arizona	19	6.5	5.0	1.5
Georgia	19	6.5	6.0	0.5
New York	19	6.5	7.2	-0.7
Missouri	20	6.4	7.2	-0.8
Florida	21	6.0	6.3	-0.3
Minnesota	21	6.0	6.3	-0.3
North Dakota	22	5.9	5.1	0.8
Colorado	22	5.9	5.6	0.3
Utah	22	5.9	6.5	-0.6
New Jersey	23	5.7	6.2	-0.5
Hawaii	24	5.6	5.6	0.0
Virginia	24	5.6	5.0	0.6
Nebraska	25	5.5	4.4	1.1
Maine	26	5.4	6.1	-0.7
North Carolina	26	5.4	6.7	-1.3
Delaware	27	5.3	6.2	-0.9
South Dakota	28	5.1	4.3	0.8
Kansas	29	5.0	5.2	-0.2
Rhode Island	30	4.9	5.3	-0.4
Connecticut	30	4.9	4.6	0.3
Vermont	31	4.8	5.2	-0.4
Maryland	32	4.6	5.4	-0.8
Massachusetts	33	3.9	4.8	-0.9
New Hampshire	33	3.9	4.3	-0.4

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

MAY 1986

APRIL INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Apr. 1986	9.2
Mar. 1986	9.0
Apr. 1985	9.2
U.S.	
Apr. 1986	7.1
Mar. 1986	7.2
Apr. 1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Apr. 1986	111.6
Mar. 1986	111.5
Feb. 1986	111.7
Jan. 1986	111.6
Dec. 1985	111.2

DIFFUSION INDEX

Oregon	
Apr. 1986	52.7
Mar. 1986	48.8
Feb. 1986	52.3
Jan. 1986	49.6
Dec. 1985	55.8

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Mar. 1986	39.3
Feb. 1986	38.7
Mar. 1985	38.8

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Mar. 1986	315.0
Yearly Change	+ 1.9%
U.S.	
Apr. 1986	325.3
Yearly Change	+ 1.6%
Portland Hotline	221-4132

APRIL: NO "SPRING" FORWARD, BUT . . .

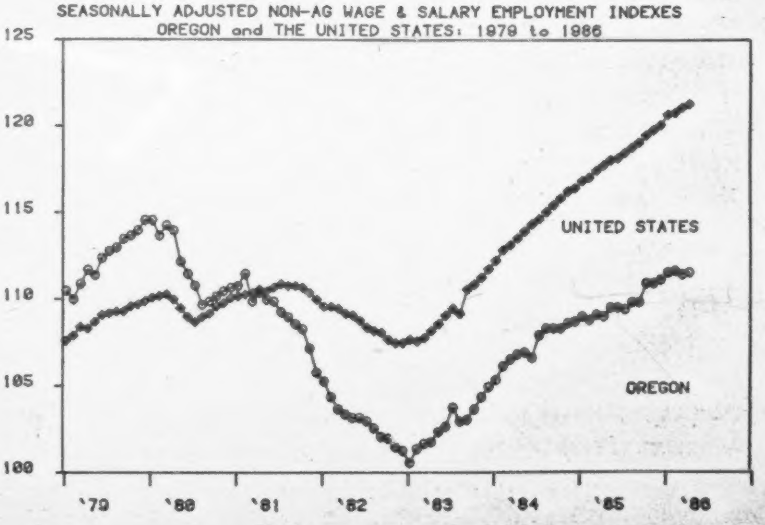
Bryan Sutherland

While Oregon's April employment figures continued to emit somewhat muddled signals, particular aspects of Oregon's economy provide positive signs.

With any economic event there are winners and losers. Unfortunately, over the past few years Oregon always seemed to be on the losing end of national and international economic events. High fuel prices, high interest rates, and the strong U.S. dollar all seemed to work against the Oregon economy. Well, it finally looks as though, to some extent, Oregon may be the beneficiary of economic events rather than the victim.

Although Oregon's seasonally adjusted unemployment rate edged up a negligible 0.2 percentage points to April's 9.2, other indicators seem to point to a better performance by Oregon's economy. Total nonagricultural wage and salary employment, expected to rise seasonally by approximately 6,500 from March to April, rose instead by 7,100. This improvement was reflected in Oregon's nonfarm wage and salary employment index, which increased to 111.6, one-tenth of a point higher than in March and 2.5 points higher than one year ago.

Another key economic indicator, the Oregon diffusion index, also gave some hint of movement in the right direction. The diffusion index, a measure of potential future growth in the Oregon economy, improved significantly in April rising 3.9 points from March 1986 and 1.9 points above April 1985.



RESIDENT OREGON LABOR FORCE

	APR. 1986 1/	MAR. 1986 2/	CHANGE	% CHANGE	APR. 1985 5/
CIVILIAN LABOR FORCE 3/	1,321,100	1,324,300	- 3,200	- 0.2	1,316,400
UNEMPLOYMENT	126,300	128,800	- 2,500	- 1.9	126,100
PERCENT OF LABOR FORCE	9.6	9.7	XXX	XXX	9.6
SEASONALLY ADJUSTED PERCENT	9.2	9.0	XXX	XXX	9.2
TOTAL EMPLOYMENT 4/	1,194,800	1,195,500	- 700	- 0.1	1,190,300

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	APR. 1986 1/	MAR. 1986 2/	APR. 1985	CHANGE FROM MAR. 1986	CHANGE FROM APR. 1985
TOTAL 3/	1,037,600	1,030,500	1,014,300	7,100	23,300
WAGE & SALARY EMPLOYMENT INDEX 4/	111.6	111.5	109.1	XXX	XXX
DIFFUSION INDEX 5/	52.7	48.8	50.8	XXX	XXX
TOTAL MANUFACTURING	195,500	194,100	192,300	1,400	3,200
DURABLE GOODS	145,700	143,600	142,600	2,100	3,100
LUMBER & WOOD PRODUCTS	64,000	62,800	60,900	1,200	3,100
LOGGING & SAWMILLS	33,300	32,500	31,200	800	2,100
VENEER & PLYWOOD	16,900	16,600	15,900	300	1,000
MILLWORK & STRUCTURAL WOOD	8,700	8,600	8,600	100	100
MOBILE HOMES	1,500	1,500	1,500	0	0
OTHER WOOD PRODUCTS	3,600	3,600	3,700	0	- 100
FURNITURE AND FIXTURES	2,900	2,800	2,700	100	200
STONE, CLAY, GLASS & CONCRETE	2,900	2,700	3,000	200	- 100
PRIMARY METALS	8,700	8,600	8,800	100	- 100
BLAST FURNACES, IRON & STEEL	5,600	5,500	5,500	100	100
NONFERROUS METALS	3,100	3,100	3,300	0	- 200
FABRICATED METALS	11,700	11,600	10,600	100	1,100
FABRICATED STRUCTURAL METALS	6,000	6,000	5,000	0	1,000
OTHER FABRICATED METALS	5,700	5,600	5,600	100	100
MACHINERY	15,200	15,100	15,600	100	- 400
ELECTRICAL EQUIPMENT & SUPPLIES	12,800	13,000	14,100	- 200	- 1,300
TRANSPORTATION EQUIPMENT	11,000	10,500	9,700	500	1,300
INSTRUMENTS & RELATED PRODUCTS	13,900	14,000	14,700	- 100	- 800
MISCELLANEOUS MANUFACTURING	2,600	2,500	2,500	100	100
NONDURABLE GOODS	49,800	50,500	49,700	- 700	100
FOOD & KINDRED PRODUCTS	19,200	19,900	19,900	- 700	- 700
CANNING & PRESERVING	9,100	9,900	9,600	- 800	- 500
OTHER FOOD PRODUCTS	10,100	10,000	10,300	100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,300	2,400	2,400	- 100	- 100
PAPER & ALLIED PRODUCTS	9,000	9,100	8,700	- 100	300
PRINTING & PUBLISHING	11,700	11,600	11,300	100	400
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	1,900	0	0
PETROLEUM REFINING	400	300	400	100	0
RUBBER & PLASTIC PRODUCTS	3,100	3,100	2,900	0	200
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	APR. 1986	MAR. 1986	APR. 1985	CHANGE FROM MAR. 1986	CHANGE FROM APR. 1985
(CONT.)					
TOTAL NONMANUFACTURING	842,100	836,400	822,000	5,700	20,100
MINING & QUARRYING	1,700	1,500	1,500	200	200
CONSTRUCTION	29,900	27,900	30,400	2,000	- 500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,200	57,800	57,000	400	1,200
TRANSPORTATION	36,500	36,300	35,200	200	1,300
RAILROAD	4,700	4,700	5,200	0	- 500
TRUCKING & WAREHOUSING	20,600	20,400	18,900	200	1,700
OTHER TRANSPORTATION	11,200	11,200	11,100	0	100
COMMUNICATIONS	13,100	13,000	13,200	100	- 100
UTILITIES	8,600	8,500	8,600	100	0
TRADE	258,500	257,400	252,400	1,100	6,100
WHOLESALE TRADE	66,600	67,400	64,600	- 800	2,000
DURABLE GOODS	39,000	39,100	38,500	- 100	500
NONDURABLE GOODS	27,600	28,300	26,100	- 700	1,500
RETAIL TRADE	191,900	190,000	187,800	1,900	4,100
GENERAL MERCHANDISE	24,700	24,800	23,900	- 100	800
FOOD STORES	30,000	29,900	28,400	100	1,600
AUTO DEALERS & SERVICE STATIONS	24,200	23,900	24,200	300	0
OTHER RETAIL TRADE	113,000	111,400	111,300	1,600	1,700
FINANCE, INSURANCE, & REAL ESTATE	66,700	66,600	66,100	100	600
BANKING & CREDIT AGENCIES	23,600	23,500	23,300	100	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	43,100	43,100	42,800	0	300
SERVICES	222,700	220,000	212,900	2,700	9,800
HOTELS & PERSONAL SERVICES	24,800	24,000	24,300	800	500
HEALTH SERVICES	72,200	71,700	68,300	500	3,900
OTHER SERVICES	125,700	124,300	120,300	1,400	5,400
GOVERNMENT	204,400	205,200	201,700	- 800	2,700
FEDERAL GOVERNMENT	28,200	28,000	28,700	200	- 500
STATE GOVERNMENT	55,700	55,900	54,700	- 200	1,000
EDUCATION	24,100	24,600	23,600	- 500	500
OTHER STATE	31,600	31,300	31,100	300	500
LOCAL GOVERNMENT	120,500	121,300	118,300	- 800	2,200
EDUCATION	77,600	78,500	77,000	- 900	600
OTHER LOCAL	42,900	42,800	41,300	100	1,600
LABOR-MANAGEMENT DISPUTES	0	0	800	0	- 800

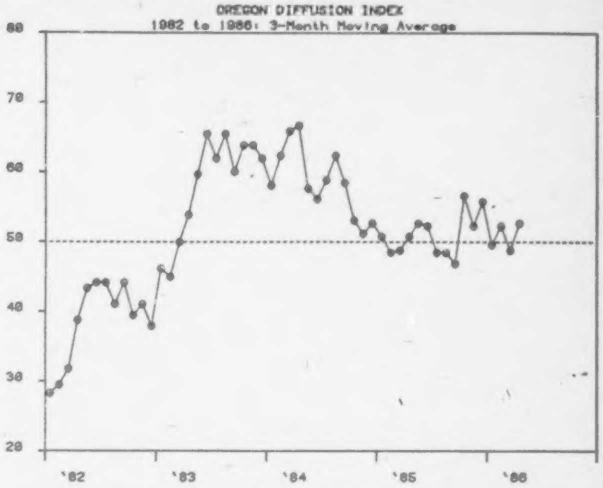
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 72'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



To be candid, the level of both of these indexes can be looked upon in a positive or negative light. First, an improvement in the wage and salary employment index of only one-tenth of one point (March to April 1986) is negligible and cannot be seen as a very significant development. In fact, this minute gain is serving only to move us back to the February 1986 level of 111.7, the highest level since April 1980. Second, the employment index has been in the 111.5 to 111.7 range for the past four months, indicating very little movement either positive or negative. Nevertheless, the fact remains that the number of people earning wages and salaries in the nonfarm sector this April was the highest of any April in the past six years.

The diffusion index may also be viewed from either a positive or negative perspective. At a level of 52.7, this index is close enough to the neutral 50.0 that one could conclude that no immediate change is in the offing. Further, with the diffusion index for 1986 vacillating between 48.8 and 52.7, the economy appears to have been "in neutral" for the last four months. On the one hand, the index was up nearly four points over March's 48.8, April's 52.7 was the highest level of 1986, and the average diffusion index for the first four months of 1986 (50.9) was 2.2 percent higher than that of the same 1985 time period (49.7). This might lead one to believe that positive things are occurring in Oregon. On the other hand, any optimism generated by the performance of the diffusion index must be tempered by recent developments in Oregon's "high tech" sector.

As mentioned in previous issues of Oregon Labor Trends, traditional economic theory says that manufacturing drives the economy and secondary industries, such as services, prosper when an economy's manufacturing is healthy. If this is true, then April's economic performance gives Oregonians reason to be both hopeful and apprehensive. Total manufacturing employment rose by a total of 1400 in April. The seasonal expectation for manufacturing in April was only 900. Therefore, real manufacturing growth for April, beyond merely the seasonal increase expected, was 500. This was almost entirely the result of strong activity in lumber and wood products.

Employment in lumber and wood products surged by 1200 in April, twice the normal seasonal increase. Logging and sawmills plus veneer and plywood plants accounted for most of this increase, up 800 and 300 respectively. The very same economic factors that made Oregon a loser in the early 1980s are making it a winner now. Most important, of course, is the decline in interest rates. This has fueled construction and thus the demand for lumber and wood products. A corollary to this increased demand has been higher lumber prices and a healthier lumber and wood products industry. Both the weakening of the dollar and lower fuel prices are also benefiting Oregon's economy by stimulating exports and reducing transportation and shipping costs. Fuel price reductions have come at an especially opportune time for lumber and wood because of recent increases in rail transport changes.

The long term outlook for Oregon's lumber and wood products industry is unclear. Economists disagree as to long term employment levels. In the short term, however seasonally adjusted employment should stay relatively steady, possibly increasing slowly throughout 1986. There is one dark cloud on the immediate employment horizon, however. At the end of May 1986, labor contracts expire in the lumber and wood products industry. It has been reported that the unions, united as one bargaining unit, are seeking a 4.5 percent wage increase, while the large companies are seeking sizeable wage rollbacks. Both sides have indicated a reluctance to compromise. The potential for supply interruptions if a strike should occur in June may be contributing to the current strength in lumber and plywood production and employment.

Transportation equipment manufacture was the other durable goods industry showing significant gains in employment. Ship repair accounted for 350 of the 500 increase in employment in this industry. Ship repair has become increasingly important to Oregon with more ports dedicating substantial funds to marketing their facilities. Unfortunately, sea access is not only an Oregon resource. Oregon is but one of three west coast states fiercely competing for ship repair business, especially naval ship repair. In other words, what's here today could be gone tomorrow.

The April good news in lumber and wood products and transportation equipment was partly offset by another poor performance in Oregon's electrical equipment and supplies and instruments industries. These two industries, made up in large part by "high tech" firms, lost a combined 300 jobs. This reflects the "high tech" slump in effect since 1984 and is the tenth consecutive month, dating back to June of 1985, in which employment has declined. In fact, since January 1985 (34,400) the "high tech" sector has lost approximately 3000 jobs, a decrease of 8.7 percent.

On top of this bad news, was the recent announcement by Tektronix, the largest private employer in the State, of upcoming layoffs. In all, about 1500 employes will be cut from the company's payroll in August of 1986, and all managers will take a 10 percent salary reduction. While work force reductions in the "high tech" sector, in light of recent performance, were not unexpected, the magnitude of the announced layoff was suprising. This move may herald further retrenchment in "high tech" industries in the near future. In any case, both the steadily declining employment in "high tech" over the past two years and this recent announcement should serve to remind Oregonians that no single industry is a panacea to economic development. What goes up eventually will come down.

Nondurable manufacturing lost employment from March but still improved by 100 employes over April 1985. The dominant factor in the monthly loss was the poorer than expected performance of the food and kindred products industry. Its loss of 700 jobs was 300 more than expected. Canning and preserving lost 800 jobs alone. The outlook for this industry is positive despite the April frost which damaged Oregon's strawberry crop. Nevertheless, industry officials are predicting the best strawberry harvest in three years, 60 million pounds. This is a 10 million pound increase over 1985's harvest. Further, canneries have commitments on all 104 million pounds of berries in storage. If commitments turn to sales, these two factors could lead to: 1) greater than seasonally expected cannery employment as companies build inventories back to safe levels; 2) increased demand for pickers, as farmers attempt to harvest the larger than normal crop; and 3) higher prices paid to farmers for their fruit. Based on these figures, school-age youths, accustomed to summer employment in these industries, may find 1986 a banner year.

Nonmanufacturing employment increased by 5700 over March and 20,100 over April 1985. By far the biggest winner was construction. Construction's 2000 employment growth was 1000 beyond the seasonal norm. Not only are more people being hired in construction but it also reflects, to a certain extent, confidence in the economy. People seem more willing to undertake long term investment. This improvement in construction is even more positive if one divides the economy into goods-producing and service-producing sectors. If the goods-producing sector, typically identified as manufacturing, construction, mining and agricultural industries, drives the economy and is a portent of things to come, Oregon had a good month. The nonagricultural goods-producing industries showed real growth of 1600 workers for the month of April. The assumption is that other nonmanufacturing sectors may show improvement down the road.

Of course the reason that construction has improved is obvious - lower interest rates. Although rates may not fall much further, the prime interest rate dropped to 8.5 percent in April, the lowest rate in approximately eight years.

Services was the other sector of nonmanufacturing that showed outstanding improvement. Services showed a 2700 increase in employment, 1200 more than usual for April. Hotels were responsible for approximately 600 of the monthly increase. Together with eating and drinking establishments and service stations, which improved by 1700 and 300 over March's figures (eating and drinking establishments and service stations are included in Retail Trade), these three sectors stand to profit directly from Expo 1986 in Vancouver, B.C. Weaker U.S. dollars, inexpensive gasoline, and international terrorism, all external factors beyond our control, will serve to increase tourism in the U.S., in general, and Oregon, in particular. A good portion of that tourism will be from Californians traveling through Oregon on their way to Vancouver. At the very least, our service stations, restaurants and hotels and motels stand to benefit. In addition, Oregon exhibits at Expo are designed to encourage visitors to explore Oregon on their way back home.

Trade increased 1100 when 1900 was expected. Retail trade held up its end with an increase of 1900, but wholesale trade lost 800 jobs. This was mostly due to a loss of 500 jobs in grocery products. Retail grocery trade will be an interesting sector to watch over the long term. Competition amongst grocers is becoming fierce with no-frills warehouse-type retailers becoming more prevalent. These operations are less labor intensive and generally pay lower wages. Insofar as these types of stores can continue to increase their market share, a movement toward fewer and lower-paid grocery workers may occur.

In terms of seasonally adjusted employment, the nonmanufacturing sector of Oregon's economy grew slightly during April. Large gains in construction, however, were offset by losses in trade; finance, insurance, and real estate; and government. If the goods-producing versus services-producing theory is applicable, however, these industries should show future improvement.

In conclusion, the same external economic events that helped cause Oregon's economic woes in the early 1980s are now nudging us, ever so slowly, in the opposite direction. We had very little control then, and we have very little control now. We should not expect a dramatic turnaround overnight, and we should expect occasional rough spots that slow our progress. Nevertheless, we do have reason to be, at the very least, cautiously hopeful.□

NEW LMI PUBLICATION

A new publication, Oregon Industrial Outlook, is currently available for those who wish a detailed look at Oregon's economy. Information is provided on 280 separate industries including:

Wage and Salary Employment, 1979-84
Number of Firms, 1979-84
Average Weekly Earnings, 1979-84
Growth Rate, 1983-91
Projected Employment, 1991
New Hire Rate, 1984
Occupational Profile, 1983

In addition to this comprehensive data set, including seven appendices, the publication provides analyses of Oregon's labor force, population, economy, export industries, international trade, trends in real earnings, and occupational shifts in employment.

This is the first time that all of this information has been brought together in one document. A limited number of copies are available. Contact Research and Statistics at 378-8657.

THE CONSUMER PRICE INDEX

Al Stoebig

The Consumer Price Index (CPI) is the indicator most frequently used by the public to measure the "inflation rate" or "cost-of-living". Typical examples of its application include use in "cost-of-living" adjustments (COLAs) for wage contracts, rents, and other legal agreements. This article will present an overview of the consumer price index with emphasis on the Portland CPI.

The CPI measures the average change in prices over time of a fixed market basket of goods and services purchased by a well-defined group of consumers. This measurement is made relative to a base period, which is arbitrarily set equal to 100. For most areas where the index is compiled, the base year now used is 1967.

Two major CPIs are published: (1) the CPI for All Urban Consumers (CPI-U) which covers about 80 percent of the noninstitutional civilian population, and (2) the CPI for Urban Wage Earners and Clerical Workers (CPI-W), which includes about one-half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, other groups that historically have been excluded by CPI coverage such as professional, managerial, and technical workers; the self-employed; short-term workers; the unemployed; and retirees and others not in the labor force. The CPI-U series began in January 1978 while the CPI-W is available back to 1919.

Both CPIs are based on prices of food, clothing, shelter, fuel, transportation fares, charges for medical services, drugs, and other goods and services people buy for daily living. Taxes directly associated with the purchase and use of these goods and services are included in the indexes. All data is gathered by representatives of the U.S. Department of Labor's Bureau of Labor Statistics (BLS), which administers the entire CPI program.

BLS currently publishes the CPI-U and CPI-W on a monthly basis at the national level. In addition, the Bureau now produces corresponding indexes for 28 urban areas on a monthly or bimonthly basis. Additional indexes are compiled each month for population size classes and broad geographical regions. These indexes do not measure differences in the level of prices between areas; they only measure the average change in prices within each area since the base period.

The only CPI that BLS publishes for Oregon is the bimonthly index produced for that portion of the Portland Metropolitan Area consisting of Clackamas, Multnomah, and Washington counties in Oregon, and Clark County in Washington. Beginning in 1987, BLS will publish Portland CPI data only on a semiannual basis because of sample reallocations brought about by the 1980 Census combined with recent budgetary cutbacks. Also, the geographical range of the sample will be extended to include Yamhill County. All series will be linked to eliminate any discontinuities created by the conversion.

Readers who may be using or contemplating the use of Portland CPI-U or CPI-W data in contract agreements should consider the following warning provided by BLS:

> Local area CPI indexes are by-products of the national CPI program. Because each local index is a small subset of the national index, it has a smaller sample size and is, therefore, subject to substantially more sampling and other measurement error than the national index. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in escalator clauses.

If, despite this warning, users wish to remain with the Portland data because of its regional character, it is strongly recommended that the annual average be chosen, particularly in light of the changes outlined for 1987.

The first accompanying table provides annual average CPI data for the Portland Metropolitan Area from 1967 through 1985. A second table presents the Portland and national CPI-U and CPI-W data from July 1984 to date. These CPI series experienced a sharp drop during the first three months of 1986 as a result of falling interest rates and plummeting oil prices.

Movements of the CPI indexes over time are normally expressed as percent changes rather than as changes in the index levels. The formula describing percent change is the index point difference (current minus previous index), divided by the index level in the previous period, times 100.

Annual Average Consumer Price Index
for the Portland Area

Year	Consumer Price Index	% Change over the year	Year	Consumer Price Index	% Change over the year
1967	100.0		1977	180.2	7.9
1968	103.5	3.5	1978*	198.4	10.1
1969	108.6	4.2	1979*	225.4	13.6
1970	113.2	4.2	1980*	255.4	13.3
1971	116.1	2.6	1981*	278.2	8.9
1972	119.5	2.9	1982*	287.0	3.2
1973	127.3	6.5	1983*	290.1	1.1
1974	142.8	12.2	1984*	301.0	3.8
1975	156.6	9.6	1985*	312.4	3.8
1976	167.0	6.7			

*CPI-U data

The CPI is not without its limitations. As critics like to point out, the CPI is technically a price index, not a cost-of-living index. A true cost-of-living index would not assume the consumer buys the same mix of goods and services month after month as the CPI does. People substitute, or go without if they can, when a price for a good or service goes too high.

The market basket now in use in the CPI program is based on a comprehensive Consumer Expenditure Survey that BLS conducted during the 1972/73 period. Obviously, purchasing patterns have changed since then. The current statistical "weights" are scheduled to be revised early in 1987 to reflect 1982-84 spending patterns. Although the transfer will be conducted in a manner so as not to disrupt the CPI series, the shift in weights does raise questions about the comparability of the series over time.

Another weakness critics see in the CPI is the difficulty associated with measuring quality changes in products and services. Technological developments and innovations lead to new or improved products that theoretically improve the quality of life. The explosion of consumer electronic goods, new medical drugs and procedures, and the advent of personal computers are some recent examples of this qualitative shift. However, the measurement of quality is a difficult concept to express in quantatitive terms. BLS tries to solve the problem by adjusting when possible for the cost associated with producing specific quality changes. These adjustments, however, tend to lag the shifts in the market place.

Until January 1983, the CPI-U included homeowner costs such as home purchases, mortgage interest costs, property taxes, property insurance, maintenance and repairs. Critics charged that these home costs reflected an investment, not a consumption of goods. To overcome this objection, BLS replaced these costs with a rental equivalent approach, which calculates the shelter costs of homeowners based on the implicit rent owners would have to pay to rent the homes they own. A similar conversion occurred in the CPI-W series beginning in January 1985. In each case, both the old and new series were adjusted so that no discontinuity occurred when the rental equivalence concept was introduced. However, the criticism of the CPI

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985
TOTAL MANUFACTURING 4/	$420.12	$413.70	$409.34	39.3	38.7	38.8	$10.69	$10.69	$10.55
Durable Goods	428.93	421.89	417.09	39.9	39.1	39.2	10.75	10.79	10.64
Lumber & Wood Products	451.98	444.57	436.30	40.5	39.8	39.2	11.16	11.17	11.13
Logging & Sawmills	476.39	470.79	464.88	40.1	39.2	39.0	11.88	12.01	11.92
Veneer & Plywood	477.36	457.87	449.65	43.2	41.7	40.4	11.05	10.98	11.13
Millwork & Struct Wood	347.53	358.49	334.28	38.7	39.7	37.9	8.98	9.03	8.82
Mobile Homes	267.12	268.04	277.44	31.5	32.1	34.0	8.48	8.35	8.16
Other Wood Products	440.90	438.21	430.20	39.9	40.5	40.7	11.05	10.82	10.57
Furniture & Fixtures	305.63	315.08	259.92	39.9	43.7	34.2	7.66	7.21	7.60
Primary Metals	492.48	488.93	490.56	41.7	41.4	42.0	11.81	11.81	11.68
Fabricated Metals	409.76	388.58	387.87	39.4	37.8	39.1	10.40	10.28	9.92
Machinery	426.50	421.69	416.85	39.2	39.3	39.7	10.88	10.73	10.50
Nondurable Goods	394.13	390.66	384.00	37.5	37.6	37.5	10.51	10.39	10.24
Food & Kindred Products	329.00	332.48	325.98	35.8	36.1	36.1	9.19	9.21	9.03
Canning & Preserving	262.82	264.02	267.72	34.0	34.2	34.5	7.73	7.72	7.76
Other Food Products	413.77	419.65	407.51	38.1	38.5	38.3	10.86	10.90	10.64
Textile Mill Products	241.78	237.99	232.09	38.5	38.2	37.8	6.28	6.23	6.14
Apparel	214.62	217.55	218.86	36.5	38.1	37.8	5.88	5.71	5.79
Paper & Allied Products	603.43	602.78	586.10	40.8	41.6	40.9	14.79	14.49	14.33
Printing & Publishing	416.58	397.84	408.04	36.8	36.2	36.4	11.32	10.99	11.21
Construction 4/	451.25	432.77	494.33	33.5	32.2	34.4	13.47	13.44	14.37
Communications & Utilities 5/	506.72	509.64	498.15	40.7	41.1	40.5	12.45	12.40	12.30
Trade 5/	287.80	286.11	285.12	34.1	33.7	33.0	8.44	8.49	8.64
Wholesale Trade	385.10	387.46	383.79	37.1	37.4	37.7	10.38	10.36	10.18
Retail Trade	238.23	235.32	237.00	32.5	31.8	30.7	7.33	7.40	7.72
Banking & Insurance	311.59	303.35	282.73						
State & Local Government	334.49	338.68	324.10						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

cited above may be too severe. Neither it nor any cost-of-living index that might be constructed can measure the actual cost-of-living for a specific family. Families vary widely in their incomes, size, wants, life styles, and purchasing patterns. Within limits, a family can modify its "cost-of-living". This variability cannot be captured by any standardized cost-of-living statistic.

A "hot line" in the Portland area carries a tape recording of current local and national CPI data. The number is 221-4132. Detailed information about the program is available by contacting:

U.S. Department of Labor
Bureau of Labor Statistics
450 Golden Gate Ave., PO Box 36017
San Francisco, CA 94102

CONSUMER PRICE INDEX

	PORTLAND METROPOLITAN AREA				UNITED STATES			
	All Urban Consumers	Percent Change over the Year	Wage Earners & Clerical Workers	Percent Change over the Year	All Urban Consumers	Percent Change over the Year	Wage Earners & Clerical Workers	Percent Change over the Year
1984								
July	300.9	3.2	294.6	2.9	311.7	4.1	307.5	3.1
Aug					313.0	4.2	310.3	3.6
Sept	302.5	3.1	293.7	1.9	314.5	4.2	312.1	3.8
Oct					315.3	4.2	312.2	3.6
Nov	304.8	3.7	295.7	2.1	315.3	4.0	311.9	3.5
Dec					315.5	4.0	312.2	3.5
Annual Avg.	301.0	3.8	294.2	2.9	311.1	4.3	307.6	3.4
1985								
Jan	306.8	4.0	297.4	2.7	316.1	3.6	312.6	3.3
Feb					317.4	3.5	313.9	3.5
Mar	309.0	3.7	299.8	2.6	318.8	3.7	315.3	4.0
Apr					320.1	3.7	316.7	4.1
May	310.4	2.8	301.2	1.2	321.3	3.7	317.8	4.1
Jun					322.3	3.7	318.7	4.1
July	312.9	4.0	303.2	2.9	322.8	3.6	319.1	3.8
Aug					323.5	3.4	319.6	3.0
Sept	314.9	4.1	305.4	4.0	324.5	3.2	320.5	2.7
Oct					325.5	3.2	321.3	2.9
Nov	317.1	4.0	307.3	3.9	326.6	3.6	322.6	3.4
Dec					327.4	3.8	323.4	3.6
Annual Ave.	312.4	3.8	302.9	3.0	322.2	3.6	318.5	3.5
1986								
Jan	321.3	4.7	311.0	4.6	328.4	3.9	324.3	3.7
Feb					327.5	3.2	323.2	3.0
March	315.0	1.9	304.3	1.5	326.0	2.3	321.4	1.9
Apr					325.3	1.6	320.4	1.2

□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
SALEM, OREGON 97311

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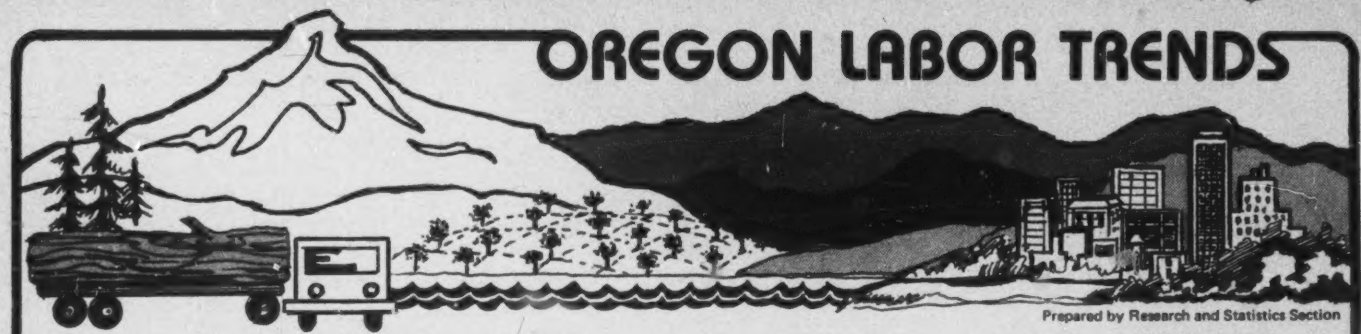


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

JUNE 1986

MAY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
May	1986	9.1
Apr.	1986	9.0
May	1985	8.6
U.S.		
May	1986	7.3
Apr.	1986	7.1
May	1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
May	1986	112.2
Apr.	1986	111.9
May	1986	111.5
Feb.	1986	111.7
Jan.	1986	111.6

DIFFUSION INDEX

Oregon		
May	1986	49.6
Apr.	1986	52.3
May	1986	48.8
Feb.	1986	52.3
Jan.	1986	49.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Apr.	1986	39.5
Mar	1986	39.2
Apr.	1985	38.3

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
May 1986	314.3
Yearly Change	+ 1.4%
U.S.	
May 1986	326.3
Yearly Change	+ 1.6%
Portland Hotline	221-4132

MONTHLY ECONOMIC ANALYSIS

Jason Yohannan

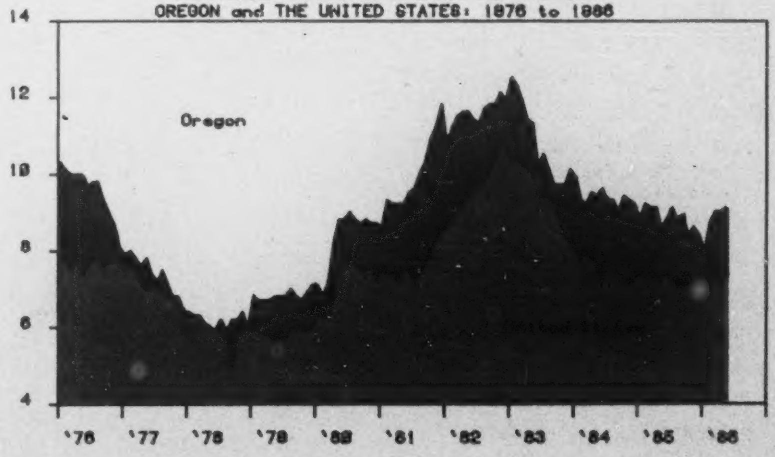
The employment picture in Oregon has borrowed a frame from "Casablanca" and is "playing it again." With a few exceptions to be discussed later, 1986 is shaping up as a sequel of 1985. For the first five months of this year, nonmanufacturing industries continued to grow, manufacturing has muddled along, and the unemployment rate has stubbornly refused to show significant improvement.

In May, the unemployment rate was 9.1 percent, up a tad from the revised April level of 9.0 percent, and in the neighborhood of the May 1985 rate of 8.6 percent. Nonmanufacturing employment increased 9,700 from April and stands well over May 1985 (+22,200). Manufacturing managed 2,900 more jobs for the month, putting it 2,500 above last year's level.

Construction, eating & drinking places, and business services were mostly responsible for the increases in May nonmanufacturing employment, while seasonal gains in wood products and food products nudged up manufacturing totals.

The dichotomy in employment trends between the goods-producing and the service-producing industries in Oregon and the U.S. is a subject now playing in articles everywhere. Nonmanufacturing employment has outperformed manufacturing, and many authors, including some writing for this publication, have expressed concern that a recovery built only on a foundation of more jobs in service-producing industries is just a partial recovery. Three accompanying pie charts diagram this trend.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	1/ MAY 1986	2/ APR. 1986	CHANGE	% CHANGE	5/ MAY 1985
CIVILIAN LABOR FORCE 3/	1,326,900	1,325,100	1,800	0.1	1,320,700
UNEMPLOYMENT	121,500	126,500	- 5,000	- 4.0	114,100
PERCENT OF LABOR FORCE	9.2	9.5	XXX	XXX	8.6
SEASONALLY ADJUSTED PERCENT	9.1	9.0	XXX	XXX	8.6
TOTAL EMPLOYMENT 4/	1,205,400	1,198,600	6,800	0.6	1,206,600

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	1/ MAY 1986	2/ APR. 1986	MAY 1985	CHANGE FROM APR. 1986	 MAY 1985
TOTAL 3/	1,053,300	1,040,700	1,028,600	12,600	24,700
WAGE & SALARY EMPLOYMENT INDEX 4/	112.2	111.9	109.6	XXX	XXX
DIFFUSION INDEX 5/	49.6	52.3	52.7	XXX	XXX
TOTAL MANUFACTURING	197,700	194,800	195,200	2,900	2,500
DURABLE GOODS	146,900	144,800	144,100	2,100	2,800
LUMBER & WOOD PRODUCTS	65,200	63,700	62,700	1,500	2,500
LOGGING & SAWMILLS	34,100	33,200	32,800	900	1,300
VENEER & PLYWOOD	17,100	16,800	15,900	300	1,200
MILLWORK & STRUCTURAL WOOD	8,700	8,600	8,700	100	0
MOBILE HOMES	1,600	1,500	1,500	100	100
OTHER WOOD PRODUCTS	3,700	3,600	3,800	100	- 100
FURNITURE AND FIXTURES	2,700	2,800	2,700	- 100	0
STONE, CLAY, GLASS & CONCRETE	2,900	2,800	3,000	100	- 100
PRIMARY METALS	8,600	8,600	8,900	0	- 300
BLAST FURNACES, IRON & STEEL	5,500	5,500	5,500	0	0
NONFERROUS METALS	3,100	3,100	3,400	0	- 300
FABRICATED METALS	11,500	11,500	10,700	0	800
FABRICATED STRUCTURAL METALS	5,800	5,900	5,100	- 100	700
OTHER FABRICATED METALS	5,700	5,600	5,600	100	100
MACHINERY	15,000	15,100	15,600	- 100	- 600
ELECTRICAL EQUIPMENT & SUPPLIES	12,900	12,900	14,200	0	- 1,300
TRANSPORTATION EQUIPMENT	11,800	10,900	9,300	900	2,500
INSTRUMENTS & RELATED PRODUCTS	13,700	13,900	14,600	- 200	- 900
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,400	0	200
NONDURABLE GOODS	50,800	50,000	51,100	800	- 300
FOOD & KINDRED PRODUCTS	20,400	19,300	20,600	1,100	- 200
CANNING & PRESERVING	10,100	9,200	10,100	900	0
OTHER FOOD PRODUCTS	10,300	10,100	10,500	200	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,200	2,300	2,400	- 100	- 200
PAPER & ALLIED PRODUCTS	9,000	9,000	9,300	0	- 300
PRINTING & PUBLISHING	11,600	11,600	11,400	0	200
CHEMICALS & ALLIED PRODUCTS	1,900	2,000	1,900	- 100	0
PETROLEUM REFINING	400	400	300	0	100
RUBBER & PLASTIC PRODUCTS	3,100	3,200	3,000	- 100	100
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	MAY 1986	APR. 1986	MAY 1985	CHANGE FROM APR. 1986	CHANGE FROM MAY 1985
(CONT.)					
TOTAL NONMANUFACTURING	855,600	845,900	833,400	9,700	22,200
MINING & QUARRYING	1,700	1,600	1,600	100	100
CONSTRUCTION	32,400	30,500	32,200	1,900	200
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,000	58,100	57,400	- 100	600
TRANSPORTATION	36,300	36,600	35,500	- 300	800
RAILROAD	4,700	4,700	5,200	0	- 500
TRUCKING & WAREHOUSING	20,400	20,700	19,200	- 300	1,200
OTHER TRANSPORTATION	11,200	11,200	11,100	0	100
COMMUNICATIONS	13,200	13,000	13,300	200	- 100
UTILITIES	8,500	8,500	8,600	0	- 100
TRADE	262,300	259,800	257,100	2,500	5,200
WHOLESALE TRADE	66,400	67,200	65,300	- 800	1,100
DURABLE GOODS	39,200	39,400	39,000	- 200	200
NONDURABLE GOODS	27,200	27,800	26,300	- 600	900
RETAIL TRADE	195,900	192,600	191,800	3,300	4,100
GENERAL MERCHANDISE	25,400	25,100	24,200	300	1,200
FOOD STORES	30,800	30,200	29,000	600	1,800
AUTO DEALERS & SERVICE STATIONS	24,400	24,200	24,600	200	- 200
OTHER RETAIL TRADE	115,300	113,100	114,000	2,200	1,300
FINANCE, INSURANCE, & REAL ESTATE	67,900	67,400	66,800	500	1,100
BANKING & CREDIT AGENCIES	23,700	23,500	23,400	200	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	44,200	43,900	43,400	300	800
SERVICES	226,600	223,800	214,700	2,800	11,900
HOTELS & PERSONAL SERVICES	25,400	24,800	24,700	600	700
HEALTH SERVICES	72,100	71,900	68,900	200	3,200
OTHER SERVICES	129,100	127,100	121,100	2,000	8,000
GOVERNMENT	206,700	204,700	203,600	2,000	3,100
FEDERAL GOVERNMENT	28,600	28,200	28,900	400	- 300
STATE GOVERNMENT	55,800	55,800	55,000	0	800
EDUCATION	24,300	24,300	23,600	0	700
OTHER STATE	31,500	31,500	31,400	0	100
LOCAL GOVERNMENT	122,300	120,700	119,700	1,600	2,600
EDUCATION	78,700	77,800	77,900	900	800
OTHER LOCAL	43,600	42,900	41,800	700	1,800
LABOR-MANAGEMENT DISPUTES	0	0	0	0	0

1/ PRELIMINARY

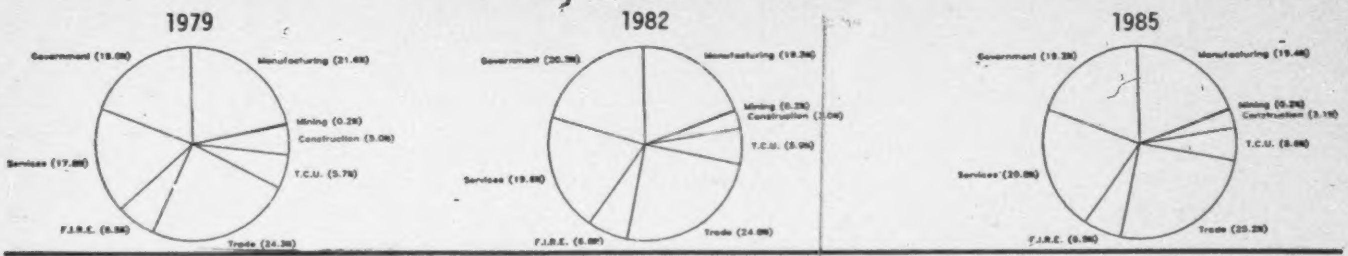
2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

OREGON EMPLOYMENT DIVERSIFICATION



Each chart separates total nonagricultural wage & salary employment into its major component industries. One pie is offered for 1979, the pre-recession peak year; one for 1982, during the sting of the recession; and one for 1985, the most current year for which annual averages are available and a year much like 1986. It is important to note that even though each pie's industries add up to 100 percent (or 99.9% when rounding isn't perfect), the size of the pies would all be different. Therefore, a 20 percent slice of the 1979 pie represents more workers than a 20 percent slice of the 1982 pie.

The pies reinforce the concern described earlier. The industrial composition of the Oregon economy is changing even though we are experiencing a slow recovery. Between 1979 and 1982, manufacturing employment dropped from 21.6 percent to 19.3 percent of total wage & salary employment. Similarly, construction fell from 5 percent to 3 percent. All of the service-producing industries from transportation, communications, and utilities to government each increased its share during that period. Between 1982 and 1985, both construction and manufacturing were able to recapture a tiny share of the wage & salary pie, but the interesting part of the story is that services (as opposed to service-producing) increased its share from 1979 to 1982, and it continued to increase between 1982 and 1985.

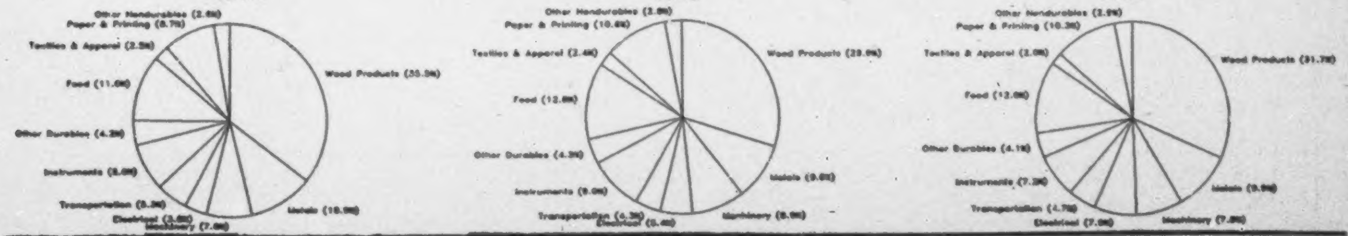
Economists disagree as to the impact of this shift. The point of this analysis is not to conclude that one industrial mix is better than another; rather, it is to document that a shift has taken, and is taking, place. Indeed, some would argue that certain nonmanufacturing industries can constitute part of an economic base. Consider, for instance, certain settings in central Oregon or along the coast, where tourism would have to be regarded as part of the economic base, or consider the Salem area, which can count government as part of its economic base.

Most analysts do agree that nonmanufacturing employment will continue to grow faster than its manufacturing counterpart. No one, however, wants or expects to see manufacturing simply dry up. Three more pie charts provide a close-up of the structure of Oregon's manufacturing sector for 1979, 1982, and 1985. One reason often mentioned when explaining why Oregon suffered a longer and deeper recession than most other states (or why the rest of Oregon fared worse than Portland) is that the manufacturing base relied too heavily on too few industries. Our economy was heavily tied to swings in the housing cycle because of our reliance on lumber & wood products, for example. But when housing is up, that is not a bad circumstance. Similarly, states like Alaska and Texas have recently been hurt by the drop in oil prices because of their reliance on oil extraction and petroleum refining, but they boomed when oil prices were up. If a state wanted to avoid the big ups and downs due to the business cycle, diversification was touted as the answer.

So how does Oregon's current manufacturing diversity compare with its diversity during 1979 and 1982? Judging from the three pie charts, 1985 looks much more similar to 1982 than to 1979, and 1986 has been quite similar to 1985. Once again, our intention is not to claim that one distribution is better than another. Take, for example, an extreme hypothetical situation where one-half of all wood products jobs in Oregon were lost. Manufacturing employment would then look remarkably balanced among its sectors -- but the economy would be terribly worse off because of it! The point, then, is to show that although the composition of overall wage & salary employment has changed over the past several years, the composition of manufacturing employment has not changed much since the recession.

The 1985 trends in diversification (or lack of diversification) have continued into 1986 with only a few exceptions.

OREGON MANUFACTURING DIVERSIFICATION



State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1985 Benchmark
March 1986 (Rev.)

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1984 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,335.0	1,318.4	1,314.8	1,318.6	1,330.5	1,334.1	1,353.4	1,354.7	1,342.2	1,342.9	1,340.8	1,340.2	1,329.5
UNEMPLOYMENT	125.0	151.0	138.2	133.1	133.1	126.8	123.6	118.8	110.5	102.3	110.5	123.3	128.9
Percent of Labor Force	9.4	11.5	10.5	10.1	10.0	9.5	9.1	8.8	8.2	7.6	8.2	9.2	9.7
Seasonally Adjusted Percent	9.4	9.9	9.3	9.2	9.5	9.4	9.6	9.3	9.3	9.0	9.4	9.3	9.2
TOTAL EMPLOYMENT	1,210.0	1,167.4	1,176.6	1,185.5	1,197.4	1,207.3	1,229.8	1,235.9	1,231.7	1,240.6	1,230.3	1,216.9	1,200.6

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1984 3/ **

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1006.9	965.4	973.9	984.1	993.2	1003.6	1015.8	1009.9	1020.3	1033.6	1033.1	1029.5	1020.5
Wage & Salary Empl. Index (1977=100) 4/	107.5	105.4	106.2	106.6	106.9	107.0	106.7	108.0	108.4	108.4	108.4	108.7	108.8
Diffusion Index 5/	58.7	58.1	62.4	65.9	66.7	57.7	56.2	58.9	62.4	58.5	53.1	51.2	52.7
MANUFACTURING, TOTAL	201.1	188.1	192.2	192.5	194.9	197.2	200.3	209.5	215.5	214.0	209.2	202.0	198.1
Durable Goods	146.7	137.7	141.1	141.6	144.6	145.7	148.1	151.8	153.2	152.4	150.3	147.4	146.0
Lumber & Wood Products	66.7	62.8	64.4	64.3	65.1	65.9	67.9	69.9	70.2	70.0	68.3	66.3	64.7
Logging & Sawmills	35.4	33.0	33.7	33.7	33.7	34.7	36.4	38.1	38.2	37.9	36.7	35.0	33.7
Veneer & Plywood	17.6	17.1	17.7	17.5	17.9	17.5	17.5	17.6	17.7	18.0	17.6	17.4	17.3
Millwork & Structural Wood	8.2	7.9	7.9	7.9	8.0	8.1	8.2	8.4	8.5	8.5	8.4	8.4	8.3
Mobile Homes	1.7	1.4	1.6	1.6	1.7	1.8	1.8	1.8	1.8	1.6	1.6	1.6	1.5
Other Wood Products	3.8	3.4	3.5	3.6	3.8	3.8	4.0	4.0	4.0	4.0	4.0	3.9	3.9
Furniture & Fixtures	2.7	2.5	2.5	2.6	2.7	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Stone, Clay, Glass & Concrete Prod.	2.7	2.4	2.4	2.4	2.6	2.7	2.8	2.9	3.0	3.1	3.0	2.9	2.7
Primary Metals	9.1	8.7	8.8	8.9	9.1	9.1	9.4	9.2	9.1	9.1	9.1	9.0	9.1
Blast Furnaces, Iron & Steel Found.	5.1	4.6	4.7	4.8	4.9	5.0	5.2	5.2	5.3	5.4	5.5	5.4	5.4
Nonferrous Metals	3.9	4.1	4.1	4.1	4.2	4.1	4.2	4.0	3.8	3.7	3.6	3.6	3.7
Fabricated Metals	10.4	9.6	9.9	10.1	10.1	10.2	10.2	10.4	10.8	10.9	10.9	10.9	10.7
Fabricated Structural Metals	4.7	4.2	4.4	4.5	4.4	4.5	4.7	4.8	5.2	5.1	5.1	5.0	4.9
Other Fabricated Metals	5.7	5.4	5.5	5.6	5.7	5.7	5.5	5.6	5.6	5.8	5.8	5.9	5.8
Machinery	15.9	14.7	15.1	15.3	15.6	15.8	16.0	16.3	16.2	16.2	16.3	16.4	16.6
Electrical Equipment & Supplies	13.8	12.5	12.6	12.8	13.5	13.7	14.0	14.3	14.5	14.5	14.5	14.7	14.5
Transportation Equipment	8.5	7.8	8.6	8.3	9.0	8.7	8.1	9.0	9.5	8.7	8.5	7.7	8.1
Instruments & Related Products	14.4	14.3	14.4	14.4	14.3	14.3	14.5	14.4	14.4	14.4	14.3	14.2	14.4
Miscellaneous Manufacturing	2.6	2.4	2.4	2.5	2.6	2.6	2.6	2.7	2.8	2.8	2.7	2.6	2.5
Nondurable Goods	54.5	50.4	51.1	50.9	50.3	51.5	52.2	57.7	62.3	61.6	58.9	54.6	52.1
Food & Kindred Products	24.1	20.7	21.1	20.7	20.2	21.1	21.3	26.7	31.4	31.4	28.6	24.3	21.6
Canning and Preserving	13.7	10.7	11.1	11.0	10.2	10.8	10.9	16.1	20.4	20.6	17.8	13.7	11.0
Other Food Products	10.4	10.0	10.0	9.7	10.0	10.3	10.4	10.6	11.0	10.8	10.8	10.6	10.6
Textile Mill Products	1.7	1.8	1.8	1.7	1.7	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.7
Apparel	2.8	2.6	2.7	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8
Paper & Allied Products	9.0	9.0	9.0	9.0	9.0	9.0	9.3	9.5	9.2	8.7	8.7	8.8	9.0
Printing & Publishing	11.0	10.6	10.8	10.9	10.7	10.9	11.0	11.0	11.1	11.1	11.3	11.3	11.4
Chemicals & Allied Products	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9	1.9
Petroleum Refining	.5	.5	.5	.5	.5	.5	.6	.5	.5	.4	.4	.4	.3
Rubber & Plastic Products	2.8	2.6	2.6	2.7	2.8	2.8	2.9	2.9	2.9	2.8	2.9	2.9	2.9
Leather Products	.5	.5	.5	.5	.5	.5	.5	.4	.5	.5	.5	.5	.5

1984 Cont.

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	805.8	777.3	781.7	791.6	798.3	806.4	815.5	800.4	804.8	819.6	823.9	827.5	822.4
Mining & Quarrying	1.6	1.3	1.3	1.4	1.5	1.7	1.7	1.8	1.9	1.8	1.7	1.7	1.5
Construction	30.2	25.5	25.4	26.2	26.9	28.5	30.4	33.6	35.3	34.8	33.9	31.8	29.9
Trans., Comm. & Utilities	57.1	56.1	56.0	56.5	56.1	56.4	57.0	57.5	57.7	58.4	57.9	57.8	57.5
Transportation	34.3	32.6	32.7	33.1	33.4	33.7	34.0	34.6	35.0	35.7	35.8	35.7	35.4
Railroad	5.4	5.4	5.4	5.5	5.4	5.4	5.4	5.4	5.4	5.4	5.3	5.3	5.1
Trucking & Warehousing	18.3	16.8	17.0	17.2	17.4	17.6	18.1	18.8	19.1	19.3	19.5	19.3	19.4
Other Transportation	10.7	10.4	10.3	10.4	10.6	10.7	10.5	10.4	10.5	11.0	11.0	11.1	10.9
Communications	14.2	15.0	14.9	15.0	14.1	14.1	14.2	14.1	13.9	14.0	13.5	13.5	13.6
Utilities	8.6	8.5	8.4	8.4	8.6	8.6	8.8	8.8	8.8	8.7	8.6	8.6	8.5
Trade	253.0	241.7	240.5	243.7	247.5	250.4	254.4	256.3	258.8	260.7	258.0	260.9	262.7
Wholesale Trade	64.5	61.9	61.9	62.4	63.0	63.3	64.1	65.5	66.4	67.4	67.2	66.0	65.2
Durable Goods	37.9	36.7	36.8	37.1	37.7	37.8	38.1	38.7	38.7	38.4	38.5	38.1	37.8
Nondurable Goods	26.7	25.2	25.1	25.3	25.3	25.5	26.0	26.8	27.7	29.0	28.7	27.9	27.4
Retail Trade	188.4	179.8	178.6	181.3	184.5	187.1	190.3	190.8	192.4	193.3	190.8	194.9	197.5
General Merchandise	25.2	25.7	24.2	24.0	24.0	24.0	24.0	24.6	24.9	25.0	25.4	27.9	29.1
Food Stores	27.9	27.2	26.7	26.8	27.3	27.3	27.9	28.2	28.6	28.7	28.5	28.6	28.8
Auto Dealers & Service Stations	23.9	22.4	22.7	23.0	23.5	24.1	24.6	24.6	24.9	24.6	24.3	24.1	23.8
Other Retail Trade	111.4	104.5	105.0	107.5	109.7	111.7	113.8	113.4	114.0	115.0	112.6	114.3	115.8
Finance, Ins., & Real Estate	65.4	63.8	64.1	64.5	64.8	65.3	66.2	66.6	66.9	66.3	65.6	65.1	65.3
Banking & Credit Agencies	23.4	23.3	23.3	23.5	23.4	23.4	23.6	23.5	23.5	23.4	23.3	23.3	23.4
Other Finance, Ins., & Real Estate	42.0	40.5	40.8	41.0	41.4	41.9	42.6	43.1	43.4	42.9	42.3	41.8	41.9
Services	204.5	195.7	197.8	200.5	203.4	204.4	205.3	206.3	206.6	208.8	208.6	208.4	208.0
Hotels & Personal Services	23.9	22.2	22.4	23.1	23.5	23.9	24.4	25.1	25.3	25.3	24.4	23.4	23.2
Health Services	67.5	65.9	66.2	66.7	67.1	67.1	67.8	67.8	68.1	68.2	68.5	68.4	68.2
Other Services	113.1	107.6	109.2	110.7	112.8	113.4	113.1	113.4	113.2	115.3	115.7	116.6	116.6
Government	194.1	193.2	196.6	198.8	198.1	199.7	200.5	178.3	177.6	188.8	198.2	201.8	197.5
Federal	29.3	27.7	27.7	27.9	28.4	28.9	30.4	30.9	31.2	30.6	29.7	29.3	28.8
State Government	52.3	52.2	53.0	53.3	52.8	53.0	53.5	49.1	48.8	49.6	54.0	55.8	52.7
Education	21.9	22.6	23.3	23.4	22.9	22.9	22.9	18.0	17.7	18.1	23.6	23.9	23.4
Other State	30.4	29.6	29.7	29.9	29.9	30.1	30.6	31.1	31.1	31.5	30.4	31.9	29.3
Local Government	112.5	113.3	115.9	117.6	116.9	117.8	116.6	98.3	97.6	108.6	114.5	116.7	116.0
Education	70.6	72.9	75.2	76.5	75.7	75.6	73.8	54.8	53.8	66.1	73.1	75.3	74.9
Other Local	41.8	40.4	40.7	41.1	41.2	42.2	42.8	43.5	43.8	42.5	41.4	41.4	41.1
LABOR-MANAGEMENT DISPUTES	.8	.9	.9	.9	.9	.6	.6	.2	.7	.9	.9	.9	.6

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1985 Benchmark
March 1986 (Rev.)

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1985 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,327.0	1,306.9	1,303.6	1,311.6	1,316.4	1,320.7	1,348.9	1,332.4	1,331.5	1,333.2	1,343.0	1,341.6	1,334.3
UNEMPLOYMENT	117.0	134.6	134.8	130.3	126.1	114.1	113.0	114.2	103.7	100.0	99.4	114.8	119.1
Percent of Labor Force	8.8	10.3	10.3	9.9	9.6	8.6	8.4	8.6	7.8	7.5	7.4	8.6	8.9
Seasonally Adjusted Percent	8.8	8.8	9.2	9.1	9.1	8.6	8.8	9.1	8.8	8.9	8.4	8.6	8.4
TOTAL EMPLOYMENT	1,210.0	1,172.3	1,168.8	1,181.3	1,190.3	1,206.6	1,235.9	1,218.2	1,227.8	1,233.2	1,243.6	1,226.8	1,215.2

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1985 3/ **

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1029.0	998.5	998.3	1008.3	1014.3	1028.6	1042.4	1023.8	1034.7	1047.2	1058.5	1050.6	1043.0
Wage & Salary Empl. Index (1977=100) 4/	109.8	109.1	108.9	109.2	109.1	109.6	109.6	109.5	109.9	109.9	111.0	111.0	111.2
Diffusion Index 5/	51.0	50.8	48.5	48.8	50.8	52.7	52.3	48.5	48.5	46.9	56.6	52.3	55.8
MANUFACTURING, TOTAL	199.9	194.1	193.6	192.9	192.3	195.2	201.0	203.2	210.6	208.6	210.1	201.1	196.3
Durable Goods	145.3	143.1	142.9	142.1	142.6	144.1	146.5	146.0	148.2	147.7	149.1	146.9	144.7
Lumber & Wood Products	63.5	62.2	61.9	60.9	60.9	62.7	65.1	65.9	66.2	65.8	64.9	63.6	62.1
Logging & Sawmills	33.2	31.9	31.7	30.8	31.2	32.8	34.8	35.3	35.2	35.1	34.5	33.3	32.0
Veneer & Plywood	16.3	16.9	16.7	16.5	15.9	15.9	16.1	16.3	16.3	16.3	16.3	16.3	16.2
Millwork & Structural Wood	8.8	8.4	8.3	8.3	8.6	8.7	8.9	8.9	9.3	9.1	9.0	8.8	8.8
Mobile Homes	1.5	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.5
Other Wood Products	3.8	3.7	3.8	3.8	3.7	3.8	3.8	3.9	3.9	3.8	3.6	3.6	3.6
Furniture & Fixtures	2.7	2.6	2.6	2.6	2.7	2.7	2.8	2.8	2.7	2.8	2.9	2.9	2.8
Stone, Clay, Glass & Concrete Prod.	3.0	2.7	2.8	2.9	3.0	3.0	3.1	3.3	3.3	3.2	3.1	2.8	2.7
Primary Metals	8.8	8.7	8.8	8.9	8.8	8.9	8.9	8.7	8.7	8.8	8.8	8.9	8.8
Blast Furnaces, Iron & Steel Found.	5.5	5.4	5.5	5.5	5.5	5.5	5.5	5.4	5.5	5.6	5.6	5.7	5.7
Nonferrous Metals	3.3	3.3	3.3	3.4	3.3	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.1
Fabricated Metals	11.1	10.3	10.3	10.4	10.6	10.7	10.8	10.9	11.4	11.8	11.9	12.1	12.0
Fabricated Structural Metals	5.4	4.6	4.8	4.8	5.0	5.1	5.2	5.2	5.6	5.9	6.0	6.2	6.3
Other Fabricated Metals	5.7	5.7	5.5	5.6	5.6	5.6	5.6	5.7	5.8	5.9	5.9	5.9	5.7
Machinery	15.7	16.0	15.9	15.9	15.6	15.6	15.7	15.7	15.6	15.6	15.5	15.4	15.4
Electrical Equipment & Supplies	14.1	14.5	14.4	14.4	14.1	14.2	14.2	14.2	14.1	13.9	13.8	13.6	13.6
Transportation Equipment	9.4	9.2	9.1	8.8	9.7	9.3	8.7	7.3	9.1	8.8	11.3	10.9	10.5
Instruments & Related Products	14.5	14.6	14.7	14.8	14.7	14.6	14.7	14.6	14.6	14.5	14.3	14.2	14.2
Miscellaneous Manufacturing	2.5	2.3	2.4	2.5	2.5	2.4	2.5	2.6	2.5	2.5	2.6	2.5	2.6
Nondurable Goods	54.6	51.0	50.7	50.8	49.7	51.1	54.5	57.2	62.4	60.9	61.0	54.2	51.6
Food & Kindred Products	24.1	20.4	20.4	20.5	19.9	20.6	23.5	26.4	31.4	30.0	30.3	24.0	21.2
Canning and Preserving	13.5	10.2	10.2	10.3	9.6	10.1	12.9	15.5	20.6	19.4	19.5	13.3	10.7
Other Food Products	10.5	10.2	10.2	10.2	10.3	10.5	10.6	10.9	10.8	10.6	10.8	10.7	10.5
Textile Mill Products	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.7
Apparel	2.4	2.7	2.6	2.6	2.4	2.4	2.4	2.3	2.4	2.4	2.4	2.2	2.3
Paper & Allied Products	9.2	8.9	8.7	8.8	8.7	9.3	9.5	9.5	9.5	9.5	9.2	9.1	9.1
Printing & Publishing	11.5	11.4	11.4	11.3	11.3	11.4	11.5	11.4	11.6	11.5	11.6	11.6	11.6
Chemicals & Allied Products	1.9	2.0	2.1	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Petroleum Refining	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Rubber & Plastic Products	3.1	3.0	3.0	3.0	2.9	3.0	3.3	3.2	3.1	3.1	3.1	3.0	3.0
Leather Products	0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5

1985 Cont.

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	829.1	804.4	804.7	815.4	822.0	833.4	841.4	820.6	824.1	838.6	848.4	849.5	846.7
Mining & Quarrying	1.6	1.4	1.4	1.4	1.5	1.6	1.7	1.8	1.9	1.9	1.8	1.7	1.5
Construction	32.1	28.2	27.5	28.7	30.4	32.2	34.2	35.4	36.0	35.2	35.2	31.7	31.0
Trans., Comm. & Utilities	58.0	56.5	56.3	56.7	57.0	57.4	58.2	58.5	58.7	59.3	59.6	58.8	59.4
Transportation	36.1	34.4	34.5	35.0	35.2	35.5	36.1	36.3	36.5	37.2	37.7	37.0	37.6
Railroad	5.1	5.1	5.1	5.2	5.2	5.2	5.1	5.1	5.1	5.0	5.0	4.8	4.7
Trucking & Warehousing	20.0	18.6	18.7	19.0	18.9	19.2	19.9	20.3	20.6	20.8	21.3	21.0	21.7
Other Transportation	11.0	10.7	10.7	10.8	11.1	11.1	11.1	10.9	10.8	11.4	11.4	11.2	11.2
Communications	13.3	13.5	13.3	13.2	13.2	13.3	13.3	13.4	13.4	13.4	13.3	13.2	13.2
Utilities	8.6	8.6	8.5	8.5	8.6	8.6	8.8	8.8	8.8	8.7	8.6	8.6	8.6
Trade	258.8	251.3	247.0	251.0	252.4	257.1	260.4	260.7	263.4	264.9	263.2	266.5	267.4
Wholesale Trade	66.4	65.0	64.7	65.0	64.6	65.3	65.9	66.7	67.3	68.2	68.1	68.3	67.7
Durable Goods	39.0	38.2	38.1	38.1	38.5	39.0	39.3	39.6	39.5	39.6	39.4	39.6	39.6
Nondurable Goods	27.4	26.8	26.6	26.9	26.1	26.3	26.6	27.1	27.8	28.6	28.7	28.7	28.1
Retail Trade	192.4	186.3	182.3	186.0	187.8	191.8	194.5	194.0	196.1	196.7	195.1	198.2	199.7
General Merchandise	25.3	25.9	24.2	24.2	23.9	24.2	24.3	24.5	24.8	25.0	25.6	27.8	29.0
Food Stores	29.1	28.1	27.4	28.8	28.4	29.0	29.7	29.9	29.9	29.7	29.4	29.4	29.5
Auto Dealers & Service Stations	24.4	23.5	23.3	23.8	24.2	24.6	24.9	25.2	25.3	25.0	24.6	24.3	23.9
Other Retail Trade	113.6	108.8	107.4	109.2	111.3	114.0	115.6	114.4	116.1	117.0	115.5	116.7	117.3
Finance, Ins., & Real Estate	66.9	64.5	64.5	65.0	66.1	66.8	67.8	68.4	68.6	67.8	67.6	67.5	67.6
Banking & Credit Agencies	23.6	23.4	23.3	23.3	23.3	23.4	23.5	23.7	23.8	23.9	23.8	23.9	23.9
Other Finance, Ins., & Real Estate	43.3	41.1	41.2	41.7	42.8	43.4	44.3	44.7	44.8	43.9	43.8	43.6	43.7
Services	214.5	206.1	207.8	211.3	212.9	214.7	214.9	215.9	216.3	219.0	218.7	218.8	218.0
Hotels & Personal Services	24.4	23.5	23.7	24.6	24.3	24.7	25.2	25.4	25.4	24.9	24.1	23.5	23.1
Health Services	69.3	67.5	67.4	68.1	68.3	68.9	69.3	69.9	70.4	70.3	70.2	70.4	70.8
Other Services	120.9	115.1	116.7	118.6	120.3	121.1	120.4	120.6	120.5	123.8	124.4	124.9	124.1
Government	197.1	196.4	200.2	201.3	201.7	203.6	204.2	179.9	179.2	190.5	202.3	204.5	201.8
Federal	28.9	28.1	28.0	28.0	28.7	28.9	29.8	30.2	29.9	29.4	28.9	28.6	28.5
State Government	53.7	52.8	54.3	54.9	54.7	55.0	55.8	51.3	50.5	50.5	55.1	55.3	54.5
Education	22.4	22.4	23.7	23.8	23.6	23.6	23.8	19.0	18.2	18.2	23.7	24.3	24.1
Other State	31.4	30.4	30.6	31.1	31.1	31.4	32.0	32.3	32.3	32.3	31.4	31.0	30.4
Local Government	114.5	115.5	117.9	118.4	118.3	119.7	118.6	98.4	98.8	110.6	118.3	120.6	118.8
Education	72.3	74.8	77.0	77.3	77.0	77.9	75.8	55.0	55.2	67.5	75.5	78.0	76.4
Other Local	42.2	40.7	40.9	41.1	41.3	41.8	42.8	43.4	43.6	43.1	42.8	42.6	42.4
LABOR-MANAGEMENT DISPUTES	0.3	0.6	0.6	0.6	0.8	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

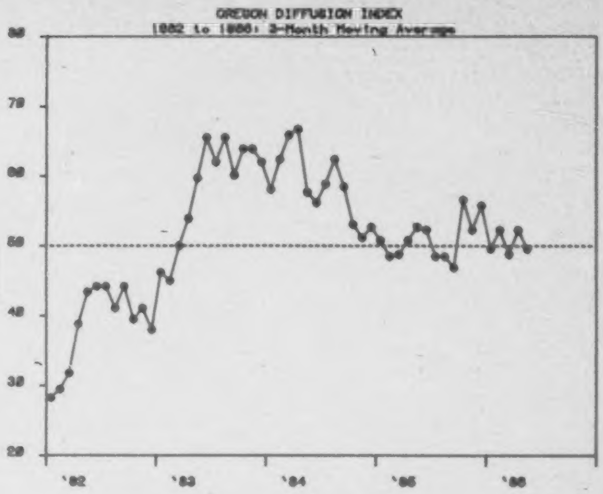
1) In early 1985, lumber & wood products suffered through a series of plant closings. This year, some of those plants have reopened and others have increased production. Even so, at the time of this writing, possibilities of long labor disputes threaten to disrupt the increases.

2) High tech employment began to decline in 1985, and 1986 may prove to be even more troublesome.

3) Transportation equipment manufacturing, spurred on by shipbuilding & repair work, likely will have a better year in 1986.

4) Lower interest rates and the increased housing affordability they furnish should lead to a better year in construction.

The overall theme for 1986, so far, has been one of not much change. Lower interest rates, low inflation, improved prospects for tourism, and favorable trends in foreign exchange rates have set the stage for a better year, but problems in agriculture, persistent unemployment, and a foggy outlook in manufacturing may continue to prevent the economy from taking off. □



LABOR TURNOVER BY INDUSTRY

Tom Lynch

A new economic data series has been introduced by the Employment Division to measure quarterly labor turnover in all private nonagricultural industries in Oregon. Originally developed by the U.S. Department of Labor and selected pilot states in the late 1970s, the new economic series promises important insights into labor turnover in Oregon's various industries.

The new economic time series are based upon tax record data collected from employers covered by the unemployment insurance laws in Oregon. This information is available for almost 90 percent of the total number of employed individuals in Oregon. It does not include turnover measures for agricultural production workers, self-employed individuals, unpaid family workers and domestics, or Federal government workers employed in Oregon.

Several important aspects of the state's economy are reflected in the labor turnover data generated by the new system. Quarterly economic statistics are available on accessions, separations, new hires, and rehires by firm and by industry. These various turnover measures are derived from comparing the wage (employe) records for a given employer from one quarter (13 weeks) against the wage records reported by the same employer in previous quarters. With this technique, the following definitions are used to define the various labor turnover indicators.

1. Accession - Individual worked for an employer in the current quarter, did not work for that employer in the preceding quarter, but did work in earlier quarters.

2. Separation - Individual worked in a given quarter for an employer, but did not work for that employer in the following quarter.

3. New Hire - Individual worked for an employer in a given quarter, but did not work for that employer in any of the previous quarters.

4. Rehire - Individual appeared on the employer's payroll in any of the first three of the last four quarters and reappeared in the current quarter.

These definitions were established by the U.S. Department of Labor and certain states in the initial projects conducted in the late 1970s.

The introduction of these new economic indicators raises many questions about their potential uses in analyzing Oregon's economy. Preliminary results for the state point out that labor turnover:

- In all private sector industries is much greater than previously suspected from other available data sources.
- Data is now available for major nonmanufacturing sectors not previously available from other data sources.
- Varies quite dramatically from one major industrial division to another (i.e., manufacturing versus trade) on a quarterly and annual basis.
- Can be used in conjunction with other economic indicators to better understand the state and local labor markets.

The rest of this article explores the use of one component of the new labor turnover data to track movements in the state's economy. The accompanying table reflects the new hiring rate by major industry group for the state between the first quarter of 1984 and the third quarter of 1985. Data for the last quarter of 1985 and the first two quarters of 1986 are not yet available due to the lagged nature of the unemployment insurance tax collection process. Procedures are currently being developed which will provide more current estimates using a short term projection technique.

These quarterly new hire rates reflect a mixture of seasonal and cyclical economic forces affecting each of the industries in the table during 1984 and 1985. The hiring patterns show the dominant impact of seasonal hiring that occurs in major industrial sectors from quarter to quarter. Significant increases in the total nonfarm new hire rate occurred from the first to the third quarter (19.5% to 26.1%), and the same pattern is again evident from the first to the third quarter of 1985 (18.8% to 25.5%). In fact, the consistency of the new hire rate for the same quarter one year apart is almost identical for the first three quarters of 1984 and 1985. The only difference between the two years is that the quarterly new hire rates are slightly lower in 1985 than they were in 1984.

OREGON NEW HIRE RATES BY INDUSTRY 1/

	1984				1985		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	19.5	22.1	26.1	21.0	18.8	21.8	25.5
Manufacturing	14.1	16.5	20.8	13.5	12.8	16.5	19.0
Durable	14.7	16.2	17.3	12.4	12.7	15.8	15.6
Nondurable	12.4	17.2	29.5	16.6	13.0	18.6	27.2
Nonmanufacturing	19.2	21.9	25.7	20.1	19.2	21.7	24.5
Construction	36.0	42.9	53.7	36.8	35.7	45.2	47.7
Trans, Comm & Util	14.5	14.8	16.4	14.4	14.5	12.6	15.0
Trade	24.7	28.8	30.9	28.7	24.7	28.9	29.8
Wholesale	17.1	18.7	20.5	16.1	17.0	16.9	19.0
Retail	27.4	32.2	34.6	33.1	27.4	33.0	33.5
Fin, Ins & Real Est	13.9	14.8	15.3	12.5	13.9	14.2	15.4
Services	19.1	21.0	26.5	20.7	19.6	20.4	27.5
Government 2/	6.8	9.3	11.1	7.3	6.8	9.0	11.5

1/ Number of New Hires per 100 employes
2/ Excludes Federal Government

By industrial division, the new hire rates vary quite substantially with the construction, trade, and service sectors having the highest rates. These high rates are very indicative of the seasonality and high labor turnover that occurs throughout the year in certain industries within these major divisions. Some of these industries would include retail trade, residential construction, and the hotel-motel sector. Although retail trade is the only one listed in the table, the new hire rates averaged over 30 percent for these three industries during the quarters of 1984 and 1985. The other three major private nonfarm industry groups (manufacturing; transportation, communication, & public utilities; and finance, insurance, & real estate) averaged around 15 percent during the seven quarter period for their new hiring activity. Government, with an average quarterly new hire rate of about 8.8 percent, had the lowest rate of all major industry groups over the same period. However, within each of these major industry divisions there are high, medium, and low labor turnover industries. If more specific industry detail was available in the table it would be possible to classify them into such groupings.

A comment was made previously about new hire rates being a reflection of both seasonal and cyclical economic forces. The seasonal trends are very well documented by data contained in the table. It is much more difficult due to lack of historical data to identify economic trends brought about by business cycle conditions. If data were available from 1979, it would be possible to identify the significant slowdown in hiring activity which occurred during the last recession.

New hiring is usually one of the first activities an employer reduces when the economy starts to sour, and one of the last to be increased when business conditions improve. A good example of this is the new hire rate trend in Oregon's high tech industries between 1984 and the third quarter of 1985. The rate in these industries declined from a quarterly average of 11.4 in 1984 to 7.9 during the first three quarters of 1985. Since new hire rates are considered a leading economic indicator in business downturns, this sustained drop in the new hire rate in the high tech industry group was probably a precursor of the layoffs that are now occurring in these industries.

This is just one example of the potential for these new economic indicators to be used to better analyze the impact of economic events in the State's economy. There are a host of other uses for this new valuable economic data series. Without the persistence of the U.S. Department of Labor and the selected pilot states in the 1970s, this data would not be available today. It will add a key component in gaining a better understanding of Oregon's economy.□

OREGON GETS JOBS GRANT

Last month the U.S. Department of Labor announced the awarding of a $2 million grant of Job Training Partnership Act (JTPA) national discretionary funds to Oregon to retrain dislocated workers from the lumber and wood products industry. Eligible workers are those who have lost their jobs due to plant closure or permanent layoffs, and who have little or no opportunities for obtaining work in similar occupations.

Specific services offered to the workers will depend on local needs and resources. These services may include assessment of worker skills and interests, job search activities, support services (such as transportation and child care), classroom training, basic skills training, and on-the-job training.

This grant is a welcome addition to Oregon's resources since a national reduction has cut the State's funds to retrain dislocated workers by more than 50 percent - from almost $2.5 million to around $1.17 million - for the year beginning July 1, 1986. The $2 million grant is in addition to a $500,000 "rapid response" fund (containing JTPA State administrative and formula monies) also available to serve dislocated workers. Criteria for utilizing both of these funds will be considered by the State Job Training Coordinating Council.

The JTPA programs are administered by the Job Training Partnership Administration of the State's Intergovernmental Relations Division. The Employment Division's Research & Statistics Section provided economic data and other information needed to obtain the grant. For further information contact Ray Worden, 373-1995.□

HOURS & EARNINGS

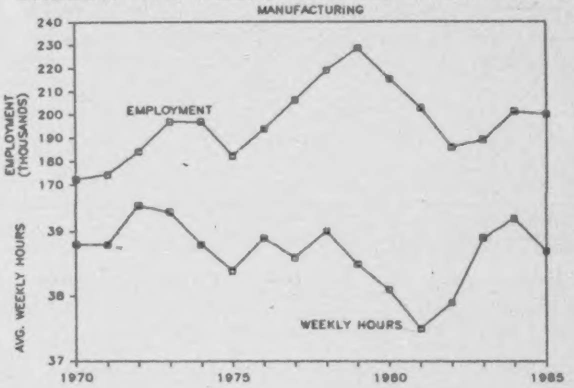
Art Ayre

Economists have long noted the connection between demand for a service and employment in that service. And, while price (or in this case, hourly wage) is the normal measure of demand, another gauge is the average number of hours worked per week. This measure is especially reliable in the manufacturing sector, where retail trade's strong trend toward part-time employment has not been duplicated.

As production gears up to meet growing product demand, manufacturing employees will tend to work more hours per week. If demand remains strong, additional employees will probably be added. The reverse process also tends to occur. Periods of declining product demand will initially cause shorter workweeks, followed by employment reductions. Thus, in a narrow sense, average weekly hours can help us anticipate changes in employment, at least in the manufacturing sector as a whole.

The accompanying graph traces Oregon's employment and average weekly hours in the manufacturing sector. The observer will note a rough positive correlation between the fluctuations of the two lines. In some cases, there is a one year delay between the change in average workweek and the change in employment. Despite the gloomy appearance of the 1985 downturn in average workweek, this gauge of demand for manufacturing labor recovered somewhat in late 1985 and early 1986, reducing the temptation to forecast a modest decline in manufacturing employment for 1986.□

OREGON AVG WEEKLY HOURS & EMPLOYMENT



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Apr. 2/ 1986	Mar. 3/ 1986	Apr. 1985	Apr. 2/ 1986	Mar. 3/ 1986	Apr. 1985	Apr. 2/ 1986	Mar. 3/ 1986	Apr. 1985
TOTAL MANUFACTURING 4/	$422.65	$417.48	$402.15	39.5	39.2	38.3	$10.70	$10.65	$10.50
Durable Goods	430.67	426.26	410.78	40.1	39.8	38.9	10.74	10.71	10.56
Lumber & Wood Products	450.96	448.94	432.38	40.7	40.3	39.2	11.08	11.14	11.03
Logging & Sawmills	483.11	476.41	462.56	40.7	39.9	39.3	11.87	11.94	11.77
Veneer & Plywood	455.70	464.15	434.19	42.0	42.7	39.4	10.85	10.87	11.02
Millwork & Struct Wood	349.84	348.42	334.46	39.8	38.8	38.4	8.79	8.98	8.71
Mobile Homes	270.82	284.00	303.58	31.2	33.1	35.8	8.68	8.58	8.48
Other Wood Products	444.31	438.90	429.71	40.8	39.9	40.5	10.89	11.00	10.61
Furniture & Fixtures	295.50	306.46	267.88	39.4	39.8	34.7	7.50	7.70	7.72
Primary Metals	470.82	474.61	499.93	39.9	40.6	41.8	11.80	11.69	11.96
Fabricated Metals	403.37	403.85	386.31	39.2	39.4	39.1	10.29	10.25	9.88
Machinery	413.04	419.54	396.62	39.3	39.1	38.1	10.51	10.73	10.41
Nondurable Goods	396.07	395.10	375.28	37.4	37.7	36.4	10.59	10.48	10.31
Food & Kindred Products	330.43	325.23	318.29	35.8	35.7	34.9	9.23	9.11	9.12
Canning & Preserving	259.07	262.14	260.37	33.3	34.0	33.0	7.78	7.71	7.89
Other Food Products	414.77	409.26	392.40	38.8	38.0	37.3	10.69	10.77	10.52
Textile Mill Products	221.44	242.79	239.51	33.5	38.6	39.2	6.61	6.29	6.11
Apparel	214.02	215.42	205.28	36.9	37.4	35.7	5.80	5.76	5.75
Paper & Allied Products	623.22	608.94	587.11	41.3	41.2	40.8	15.09	14.78	14.39
Printing & Publishing	391.31	417.38	372.08	35.9	37.1	33.4	10.90	11.25	11.14
Construction 4/	448.21	450.58	485.76	33.7	33.5	35.2	13.30	13.45	13.80
Communications & Utilities 5/	504.70	507.50	484.79	41.2	40.6	39.9	12.25	12.50	12.15
Trade 5/	282.07	288.49	288.10	33.7	34.1	33.5	8.37	8.46	8.60
Wholesale Trade	378.88	387.25	390.53	37.0	37.2	38.1	10.24	10.41	10.25
Retail Trade	234.65	239.94	239.13	32.1	32.6	31.3	7.31	7.36	7.64
Banking & Insurance	304.48	308.21	283.51						
State & Local Government	340.86	336.40	320.82						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYER'S CORNER

Dorothy Monnier

"When resources of capital, people, and time are as scarce as they are today, it is vital to concentrate them on key functional or operating areas. These operating areas are decisive for the success of your particular business. Merely allocating resources in the same way as your competitors will yield no competitive edge. If you can identify the areas which really hold the key to success in your industry and apply the right mix of resources to them, you may be able to put yourself into a position of real competitive superiority." (Dr. Kennicki Ohmae - The Mind of a Strategist)

The Oregon State Employment Division and the Portland Job Service Employer Committee (JSEC) have identified one of these KEY areas for success. This successful program is the Professional Placement Service currently provided by the State Employment Division.

WHY A PROFESSIONAL PLACEMENT SERVICE?

- Employer taxes pay for the administration of the Employment Division and it should meet their needs.
- To reduce time spent by employers in screening resumes and interviewing.
- To better coordinate with college placement services.
- To provide a TOTAL labor exchange to all job applicants and employers regardless of occupation.

The Employment Division is also concerned about professional employees who must be terminated when businesses experience hard economic times.

One function of the PPS is to provide Outplacement Assistance. Outplacement Assistance is a process by which terminated employees are assisted in finding new employment, or as a last resort, filing for unemployment insurance.

The Outplacement process provides the following assistance:

- resume and cover letter workshops are scheduled.
- information is provided on local and regional employers.
- training on how to interview, create new jobs, and find the right employer.
- up-to-date information on local and statewide job markets is provided.
- career planning and tips on how to accurately assess the business world.
- referral to other agencies, interviews, or career counseling.
- exploration of job skills if career change is necessary.

If you are interested in hiring job applicants in professional, managerial, or technical positions, call the nearest Oregon State Employment Division Office.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
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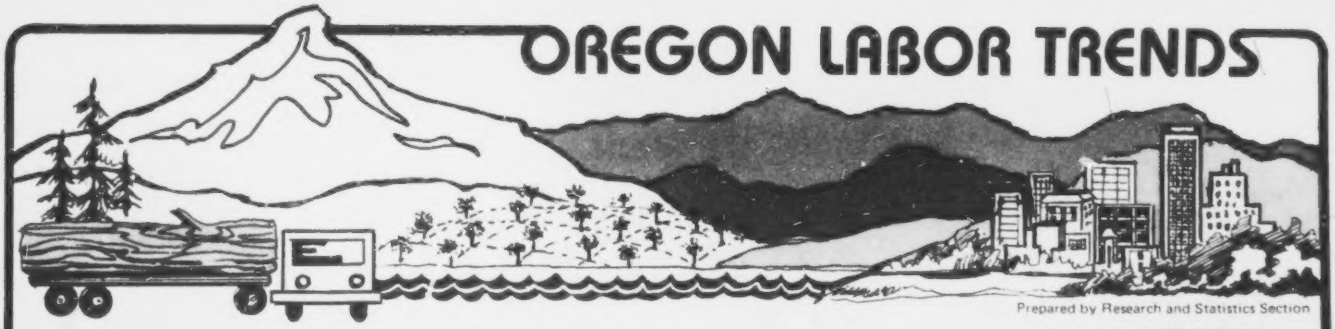


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

JULY 1986

JUNE INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
June	1986	9.4
May	1986	9.1
June	1985	8.8
U.S.		
June	1986	7.1
May	1986	7.3
June	1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
June	1986	112.0
May	1986	112.1
Apr.	1986	111.9
Mar.	1986	111.5
Feb.	1986	111.7

DIFFUSION INDEX

Oregon		
June	1986	46.9
May	1986	48.4
Apr.	1986	52.3
Mar.	1986	48.8
Feb.	1986	52.3

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
May	1986	39.3
Apr.	1986	39.4
May	1985	38.8

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
May 1986	314.6*
Yearly Change	+ 1.4%
U.S.	
June 1986	327.9
Yearly Change	+ 1.7%

Portland Hotline 221-4132
*Revised

OREGON'S UNEMPLOYED— WHO ARE THEY?

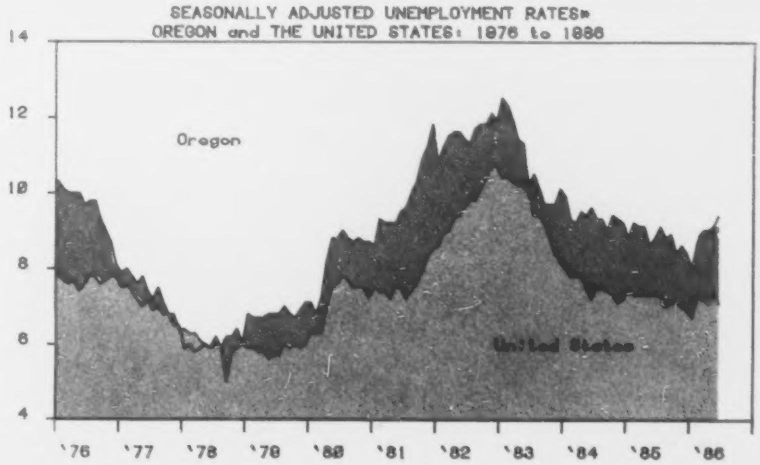
Graham Slater

Oregon's economy always improves during the summer months. Or does it? The level of unemployment will drop drastically. Or will it? The unemployed can receive unemployment insurance (UI) benefits while looking for work. Or can they? It is amazing how many generalizations are well accepted, and yet rarely analyzed to determine continuing validity!

Certainly, more jobs are available in the summer months due to good weather, harvested crops, and vacationers. But even such guaranteed events as the arrival of summer cannot necessarily promise that true economic growth is on the way. This article will depart from the normal look at Oregon's employment picture to present a brief summary of June's statistics, followed by an in-depth look at the unemployed in the State.

JUNE SUMMARY

June's employment statistics can be summed up by the phrase, "more jobs, more people competing for them". Oregon's total employment grew by 33,300, as agriculture, food processing, retail trade, real estate, and services all added jobs. If the total labor force had remained constant, and all these new jobs were filled by people from the unemployment rolls, the unemployment rate would have fallen drastically. Instead, the labor force (which may be thought of as the pool from which the employed are drawn) grew by 32,800! In spite of the large employment increase, unemployment fell by only 500.



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	JUN. 1986 1/	MAY 1986 2/	CHANGE	% CHANGE	JUN. 1985 5/
CIVILIAN LABOR FORCE 3/	1,359,100	1,326,300	32,800	2.5	1,348,900
UNEMPLOYMENT	121,400	121,900	- 500	- 0.4	113,000
PERCENT OF LABOR FORCE	8.9	9.2	XXX	XXX	8.4
SEASONALLY ADJUSTED PERCENT	9.4	9.1	XXX	XXX	8.8
TOTAL EMPLOYMENT 4/	1,237,700	1,204,400	33,300	2.8	1,235,900

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JUN. 1986 1/	MAY 1986 2/	JUN. 1985	CHANGE FROM MAY 1986	JUN. 1985
TOTAL 3/	1,065,600	1,051,900	1,042,400	13,700	23,200
WAGE & SALARY EMPLOYMENT INDEX 4/	112.0	112.1	109.6	XXX	XXX
DIFFUSION INDEX 5/	46.9	48.4	52.3	XXX	XXX
TOTAL MANUFACTURING	202,800	196,700	201,000	6,100	1,800
DURABLE GOODS	148,100	146,000	146,500	2,100	1,600
LUMBER & WOOD PRODUCTS	66,900	64,600	65,100	2,300	1,800
LOGGING & SAWMILLS	35,300	33,800	34,800	1,500	500
VENEER & PLYWOOD	17,100	16,900	16,100	200	1,000
MILLWORK & STRUCTURAL WOOD	9,200	8,600	8,900	600	300
MOBILE HOMES	1,500	1,600	1,500	- 100	0
OTHER WOOD PRODUCTS	3,800	3,700	3,800	100	0
FURNITURE AND FIXTURES	3,000	2,700	2,800	300	200
STONE, CLAY, GLASS & CONCRETE	3,000	2,900	3,100	100	- 100
PRIMARY METALS	8,600	8,600	8,900	0	- 300
BLAST FURNACES, IRON & STEEL	5,500	5,500	5,500	0	0
NONFERROUS METALS	3,100	3,100	3,400	0	- 300
FABRICATED METALS	11,200	11,300	10,800	- 100	400
FABRICATED STRUCTURAL METALS	5,400	5,700	5,200	- 300	200
OTHER FABRICATED METALS	5,800	5,600	5,600	200	200
MACHINERY	14,800	14,900	15,700	- 100	- 900
ELECTRICAL EQUIPMENT & SUPPLIES	13,100	12,900	14,200	200	- 1,100
TRANSPORTATION EQUIPMENT	11,500	11,800	8,700	- 300	2,800
INSTRUMENTS & RELATED PRODUCTS	13,400	13,700	14,700	- 300	- 1,300
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,500	0	100
NONDURABLE GOODS	54,700	50,700	54,500	4,000	200
FOOD & KINDRED PRODUCTS	23,900	20,300	23,500	3,600	400
CANNING & PRESERVING	13,500	9,900	12,900	3,600	600
OTHER FOOD PRODUCTS	10,400	10,400	10,600	0	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,100	2,200	2,400	- 100	- 300
PAPER & ALLIED PRODUCTS	9,400	9,000	9,500	400	- 100
PRINTING & PUBLISHING	11,700	11,600	11,500	100	200
CHEMICALS & ALLIED PRODUCTS	2,000	1,900	1,900	100	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,000	3,100	3,300	- 100	- 300
LEATHER PRODUCTS	600	600	400	0	200

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	JUN. 1986	MAY 1986	JUN. 1985	MAY 1986	JUN. 1985
(CONT.)					
TOTAL NONMANUFACTURING	862,800	855,200	841,400	7,600	21,400
MINING & QUARRYING	1,900	1,700	1,700	200	200
CONSTRUCTION	34,000	32,300	34,200	1,700	-200
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,900	57,900	58,200	0	-300
TRANSPORTATION	36,800	36,400	36,100	400	700
RAILROAD	4,700	4,700	5,100	0	-400
TRUCKING & WAREHOUSING	20,800	20,600	19,900	200	900
OTHER TRANSPORTATION	11,300	11,100	11,100	200	200
COMMUNICATIONS	12,500	13,000	13,300	-500	-800
UTILITIES	8,600	8,500	8,800	100	-200
TRADE	264,800	261,900	260,400	2,900	4,400
WHOLESALE TRADE	66,200	66,300	65,900	-100	300
DURABLE GOODS	39,000	39,100	39,300	-100	-300
NONDURABLE GOODS	27,200	27,200	26,600	0	600
RETAIL TRADE	198,600	195,600	194,500	3,000	4,100
GENERAL MERCHANDISE	25,700	25,300	24,300	400	1,400
FOOD STORES	30,800	30,400	29,700	400	1,100
AUTO DEALERS & SERVICE STATIONS	24,600	24,500	24,900	100	-300
OTHER RETAIL TRADE	117,500	115,400	115,600	2,100	1,900
FINANCE, INSURANCE, & REAL ESTATE	70,100	68,300	67,800	1,800	2,300
BANKING & CREDIT AGENCIES	23,800	23,700	23,500	100	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	46,300	44,600	44,300	1,700	2,000
SERVICES	228,300	226,500	214,900	1,800	13,400
HOTELS & PERSONAL SERVICES	25,800	25,300	25,200	500	600
HEALTH SERVICES	72,500	72,200	69,300	300	3,200
OTHER SERVICES	130,000	129,000	120,400	1,000	9,600
GOVERNMENT	205,800	206,600	204,200	-800	1,600
FEDERAL GOVERNMENT	29,400	28,600	29,800	800	-400
STATE GOVERNMENT	55,700	55,600	55,800	100	-100
EDUCATION	24,100	24,100	23,800	0	300
OTHER STATE	31,600	31,500	32,000	100	-400
LOCAL GOVERNMENT	120,700	122,400	118,600	-1,700	2,100
EDUCATION	76,300	78,900	75,800	-2,600	500
OTHER LOCAL	44,400	43,500	42,800	900	1,600
LABOR-MANAGEMENT DISPUTES	700	0	0	700	700

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

All three of Oregon's employment indicators moved in a negative direction in June. The seasonally adjusted unemployment rate rose by 0.3 points to 9.4%--the highest rate since late 1984. While data for the current year and previous years are not strictly comparable, this statistic does emphasize the point that June was not a good month. Two other indicators, the wage and salary employment index and the diffusion index, both fell. Admittedly, the 0.1 drop in the former was hardly significant, but a larger 1.5 drop in the latter was noteworthy. The diffusion index attempts to predict what will be happening three to six months down the road. Three consecutive months above 50.0 strongly suggests impending growth in the economy, while three months below portends the opposite. This was the second month below, and the index is falling - not an encouraging sign.

INDUSTRY EMPLOYMENT

Certain industries did perform well. Our employment survey showed strong growth in food processing. In this weather-related industry, we expect additional jobs at this time of year, but June's employment jump surpassed our expectations.

Another industry performing well was finance, insurance & real estate. Real estate offices were mostly responsible for the 1,800 additional jobs.

Some readers may be tired of hearing about growth in services, but the trend merits discussion. Another 1,800 jobs were added in June, leaving services employment 13,400 above year ago levels (6.2% growth at a time when wage and salary employment grew by 2.2%). Most jobs this month came in hotels and amusements & recreation (both tourism-related) and business services. The gain of 1,800 came in spite of the temporary loss of 2,500 private education jobs.

If these highlights of the June statistics do not provide enough detail for your needs, feel free to call the author, Graham Slater (378-2477) or the Oregon Labor Trends editor, Jeff Hannum (378-2736) for more information.

WHO ARE THE UNEMPLOYED?

One of the most frequently heard criticisms of unemployment statistics is that some of the unemployed are not included. Therefore, the argument goes, the unemployment statistics grossly understate the true magnitude of the problem. We must, therefore, define the concept of unemployment. Certain definitions are used by the Federal Bureau of Labor Statistics, and by all states in their unemployment computations. By these definitions, a person is unemployed at a certain point in time if he or she meets the following three criteria:

1. They are not employed.
2. They are actively seeking employment.
3. They are able, available, and willing to work.

While the first may be obvious, the second and third merit further explanation. For instance, much discussion has been heard on the subject of "discouraged workers" - those who have given up their search for work, feeling that they have no chance of finding a job. Because these people have stopped looking for work, they do not meet condition #2 above, and therefore are not counted as unemployed. Similarly, using condition #3, anyone who is unavailable for work through sickness, vacation, or other reasons, will not be considered unemployed.

It is important to note that the determination of who is "unemployed" does not depend upon eligibility for unemployment insurance payments or whether a person is registered for work at an Employment Division office.

DIFFERENT TYPES OF UNEMPLOYMENT

Economists generally recognize three basic types of unemployment: Frictional, structural, and cyclical. (1) Frictional unemployment is short term. It results from a lack of information about job opportunities and the economy's inability to match jobseekers with jobs quickly, and refers primarily to people who are just entering the labor force or to those who quit one job to look for another. (2) Structural unemployment is generally of longer duration. It usually results from the mismatch between the skills possessed by jobseekers and the skills required for the available jobs. Persons who are unemployed due to technological change or because they have insufficient education or skills are considered structurally unemployed. Structural unemployment also includes joblessness caused by discrimination of any type or by imbalances between geographic areas where jobs are available and where the jobless reside. (3) Cyclical unemployment is caused by the periodic declines in business activity that give rise to inadequate demand for workers in the economy.

Some economists add seasonal unemployment to the list. This is the joblessness that results from such regularly recurring causes as the impact of cold weather on outdoor activities or the summer influx of youth into the labor market. Seasonal unemployment is associated with frictional unemployment because it is typically temporary in character.

The unemployed can also be classified by their reason for unemployment:

1. Job losers - the last labor force activity for these persons was the involuntary loss of their job.

2. Job losers on layoff - a subgroup of job losers, these persons have involuntarily lost their job for one reason only; their company has laid them off.

3. Job leavers - these people have voluntarily left their previous employment and immediately started looking for a new job.

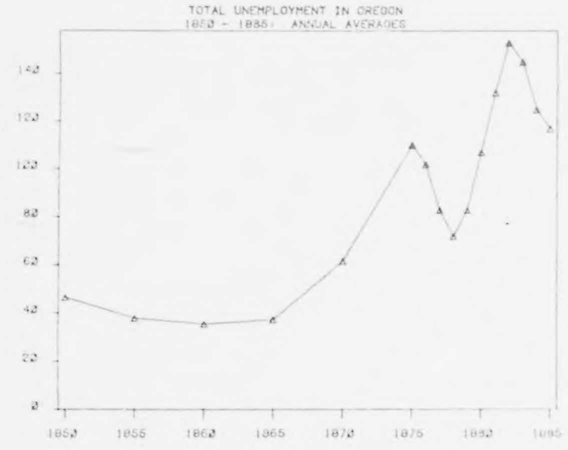
4. New entrants - these are people who have never been part of the labor force, but who have now decided to search for their first job. This group often includes young people straight from school.

5. Reentrants - these are people who left the labor force at some time in the past, and have now chosen to resume their working life. A prime example of this group are women who briefly interrupt a career while a family is young, and then return to the workforce some months or years later.

THE UNEMPLOYED - HOW MANY ARE THERE?

In some countries, little attention is paid to the unemployment rate. In these cases, the number unemployed is considered to be more important.

In Oregon, the number of unemployed has grown steadily over the past few decades. In 1950, there were 46,600 unemployed Oregonians, while even in the good years of the late seventies, there were approximately 80,000, and in 1985 the level was 117,000. The accompanying graph clearly shows the trend in the postwar years, partly due to growth in population and labor force, but also, at certain times, due to unfavorable economic conditions.



Some would argue, correctly, that this upward trend does not necessarily mean that the State's economy is worse now than before. For instance, the number unemployed in 1979 was almost twice as high as that recorded in 1950, and yet the economy, as measured by the unemployment rate, was about the same. The problem with this argument is that it does not account for the fact that unemployment is a social, as well as an economic, problem. Regardless of the unemployment rate, what matters is that since the beginning of the eighties there has consistently been over 100,000 Oregonians unable to find suitable work.

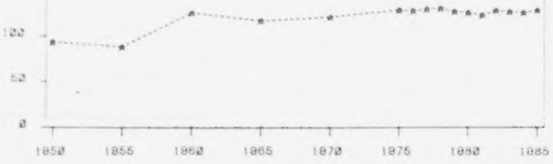
WHAT ABOUT UNEMPLOYMENT INSURANCE PAYMENTS?

A recent article stated that of all those unemployed in the U.S., a smaller proportion than ever before are receiving UI benefits. This is also true in Oregon. Two arguments, not necessarily exclusive of each other, suggest reasons for this decline in coverage:

1. In the name of budget reductions, the availability of UI payments has been greatly restricted, mostly by cutting back on extended benefit programs. There are fewer extended benefit programs available now than in previous years. Currently in Oregon, an unemployed person may receive up to 26 weeks of benefits. At times in the last few years, the regular program (26 weeks) has been supplemented by a variety of extended benefit programs which have increased the eligibility period for up to another 29 weeks.
2. The reasons for the declining percentage of UI recipients lie more in the nature of the unemployed as a group than in any substantive changes in the UI programs themselves. For example, more of the unemployed are remaining out of work for long periods of time. These people frequently exhaust their UI benefits. Also, in spite of a drop during the recession, many people are entering the labor force for the first time (new entrants). These people will not receive UI benefits because the availability and level of benefits are dependent in part upon their work experience in the previous year. Reentrants to the labor force are often ineligible for benefits for the same reason, i.e. lack of recent work experience.

HOW DOES AN UNEMPLOYMENT INSURANCE PAYMENT COMPARE TO 'REAL WAGES'?

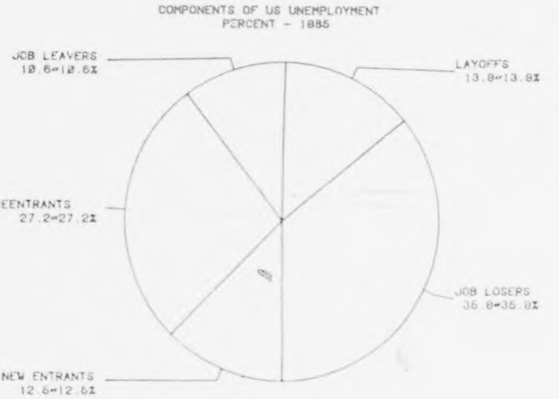
Since 1950, UI payments in Oregon have done an excellent job of keeping up with inflation as measured by the Consumer Price Index, even in the past few years when average wage levels have fallen behind inflation. In constant 1985 dollars, the average UI weekly check in 1950 was $93.44, while in 1985 the amount had risen to $129.59. Even so, a person living on UI payments accepts a substantial cut in income. The average weekly wage earned in 1985 by all workers covered by unemployment insurance was $338.81, more than two and a half times the average UI check.

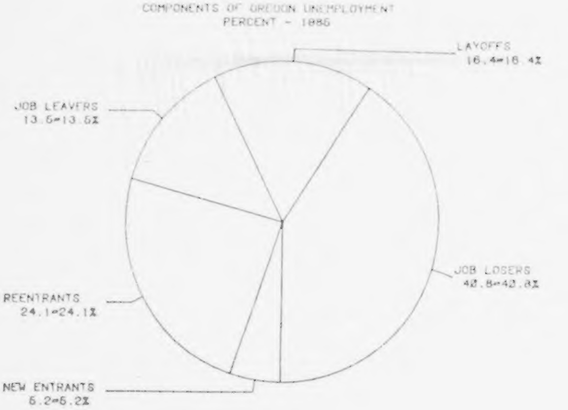


WHAT COMPARISONS CAN BE DRAWN BETWEEN OREGON AND THE NATION?

Data from the Current Population Survey (CPS) show that Oregon has not experienced the same degree of recovery as the nation. For instance;

1. In 1982, 20.1% of the unemployed in the U.S. were laid-off job losers. By 1985, this figure had dropped to 13.9%. In that same period, Oregon's ratio showed much less improvement, falling from 19.1% to 16.4%.
2. Across the U.S., 12.5% of the 1985 unemployed were new entrants. In Oregon, this figure was a mere 5.2%, reflecting slower economic and population growth.
3. On average, 27.7% of the Nation's unemployed in 1985 were out of work for 15 weeks or more. In Oregon, the corresponding percentage was 32.8, indicating the lengthy nature of unemployment in this State.

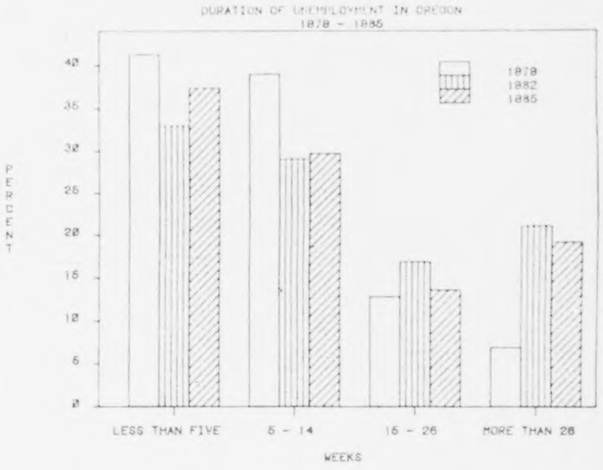




WHAT CHANGES TOOK PLACE IN OREGON THROUGH THE RECESSION?

A comparison of CPS data from 1979, 1982, and 1985 reveals some interesting changes in the composition of Oregon's unemployed:

1. In 1979, job losers made up only 37.5% of the unemployed. By 1982 this figure had risen to 58.9% and fell only slightly to 57.2% by 1985.
2. The proportion of people who voluntarily quit their jobs fell drastically during the recession. In 1979, 20.0% of the unemployed were job leavers. In 1982, only 8.2% of those out of work had voluntarily left their previous jobs.
3. The incentive for reentrants and new entrants to join the labor force has diminished during the 1980s. In 1979, 42.5% of Oregon's unemployed fell into one of these categories, but this dropped to 32.8% and 29.3% in 1982 and 1985 respectively.
4. With respect to duration (length) of unemployment, only 6.9% of the 1979 unemployed were out of work for more than 27 weeks. By 1982, this figure had risen to 21.1%, and fell only slightly to 19.2% by 1985.



IS OREGON'S UNEMPLOYMENT SPREAD EVENLY ACROSS THE STATE?

Clearly the answer to this question is "no". June data on UI recipients indicates that almost two-thirds of the unemployed reside in the Willamette Valley with a further 12.5% in the Southern Oregon area. The main reason for the large number of unemployed in the Willamette Valley is that this is where the State's population is concentrated. But don't be misled - these areas do not necessarily have the worst unemployment rates. In 1982, Benton and Gilliam counties recorded unemployment rates in the 6% range, while several others (Crook, Douglas, Grant) experienced rates in excess of 17%. Even in 1985, wide differences existed. Benton and Gilliam retained the lowest rates (close to 5%) but most counties remained above 10%, with Wheeler (15.0%) recording the highest.

The make-up of the unemployed also differs from area to area. Using data on June UI recipients, we can draw some conclusions:

The Willamette Valley's unemployed include high concentrations of workers from the food products and services industries, but a low proportion from lumber and wood products.

The North Coast recorded the highest concentration of UI recipients from the construction industry, but the lowest from trade.

continued on page 8

HOURS & EARNINGS

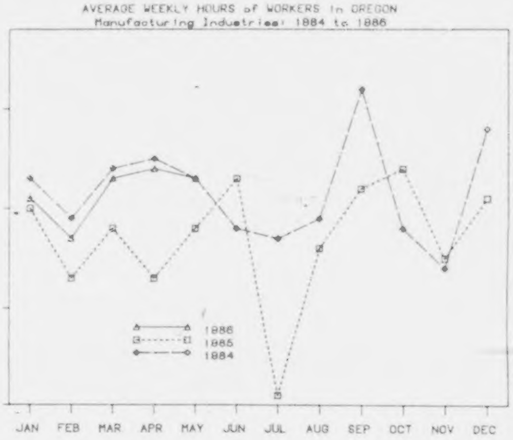
David Cooke

May was an outstanding month for Oregon wage earners. In almost every industry, average weekly earnings were higher than the previous month. Only apparel and veneer & plywood deviated from the pattern. Substantial weekly earnings increases were shown in fabricated metals (up $9.29), printing and publishing (up $9.63), construction (up $19.54), and communications & utilities (up $9.06).

Average weekly hours were relatively stable from April to May. In most months, weekly hours will fluctuate two to three hours in several industries. In May, however, the only large change was an increase of 2.2 hours in textile mill products.

While average weekly hours did not change much, average hourly earnings rose. Total manufacturing posted a healthy increase to its highest hourly earnings average on record. May's $10.80 average compares with $10.66 for the previous month and $10.50 for last year.

Durable goods, which make up 73% of total manufacturing, accounted for nearly all of the gain in average hourly earnings. Other wood products was the only exception (down $.01). Industries that reported higher hourly earnings were logging & sawmills (up $.08), millwork & structural wood (up $.12), furniture and fixtures (up $.48), primary metals (up $.13), fabricated metals (up $.13), and machinery (up $.29).



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	May 2/ 1986	Apr. 3/ 1986	May 1985	May 2/ 1986	Apr. 3/ 1986	May 1985	May 2/ 1986	Apr. 3/ 1986	May 1985
TOTAL MANUFACTURING 4/	$424.44	$420.00	$407.40	39.3	39.4	38.8	$10.80	$10.66	$10.50
Durable Goods	435.60	429.87	417.64	40.0	40.1	39.4	10.89	10.72	10.60
Lumber & Wood Products	450.77	449.74	440.50	40.5	40.7	39.9	11.13	11.05	11.04
Logging & Sawmills	484.36	481.11	470.80	40.6	40.6	40.0	11.93	11.85	11.77
Veneer & Plywood	445.11	451.26	439.10	41.1	41.9	40.1	10.83	10.77	10.95
Millwork & Struct Wood	361.80	356.98	349.76	40.2	40.2	39.7	9.00	8.88	8.81
Mobile Homes	285.47	273.42	323.84	32.7	31.5	36.8	8.73	8.68	8.80
Other Wood Products	442.49	436.45	422.40	41.2	40.6	40.0	10.74	10.75	10.56
Furniture & Fixtures	311.56	297.47	273.00	38.8	39.4	35.5	8.03	7.55	7.69
Primary Metals	468.47	460.98	493.74	39.6	39.4	42.2	11.83	11.70	11.70
Fabricated Metals	414.00	404.71	394.02	40.0	39.6	39.8	10.35	10.22	9.90
Machinery	431.04	416.42	402.60	39.4	39.1	38.6	10.94	10.65	10.43
Nondurable Goods	393.07	392.70	376.66	37.4	37.4	37.0	10.51	10.50	10.18
Food & Kindred Products	329.24	327.77	327.77	36.3	35.9	36.5	9.07	9.13	8.98
Canning & Preserving	259.58	257.51	267.11	34.2	33.4	34.6	7.59	7.71	7.72
Other Food Products	417.40	410.89	408.33	38.9	38.8	39.0	10.73	10.59	10.47
Textile Mill Products	228.05	223.10	233.00	35.8	33.6	37.4	6.37	6.64	6.23
Apparel	208.58	214.02	209.59	35.9	36.9	36.9	5.81	5.80	5.68
Paper & Allied Products	622.34	616.03	578.53	41.6	41.4	40.4	14.96	14.88	14.32
Printing & Publishing	402.03	392.40	361.97	35.8	36.0	33.3	11.23	10.90	10.87
Construction 4/	480.24	460.70	482.27	34.8	33.9	35.1	13.80	13.59	13.74
Communications & Utilities 5/	518.65	509.59	496.04	41.0	40.8	40.1	12.65	12.49	12.37
Trade 5/	287.46	281.73	288.77	34.1	33.7	33.5	8.43	8.36	8.62
Wholesale Trade	380.36	375.82	391.89	37.4	37.1	37.9	10.17	10.13	10.34
Retail Trade	242.13	235.94	238.51	32.5	32.1	31.3	7.45	7.35	7.62
Banking & Insurance	301.95	301.70	281.36						
State & Local Government	340.70	339.29	322.50						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

- Southern Oregonians tend to apply for UI payments after leaving jobs in lumber and wood products, but are unlikely to have been employed in food processing or services.

The unemployed in Southeastern Oregon tend to be from the trade industry, but generally are not ex-construction employees.

In Central Oregon, the effects of tourism are felt, as this area has relatively few unemployed from manufacturing industries, but large numbers from construction and trade.

The Northeastern Oregon area records large percentages of UI recipients previously employed in construction and food processing.

Finally, the age of UI applicants may vary. The North Coast particularly shows unusual trends in this regard, as only 37.3% of its unemployed are in the 20-34 year age group (compared to 44.3% statewide) while 16.5% on the North Coast are aged over 55 (compared to 11.6% across Oregon).

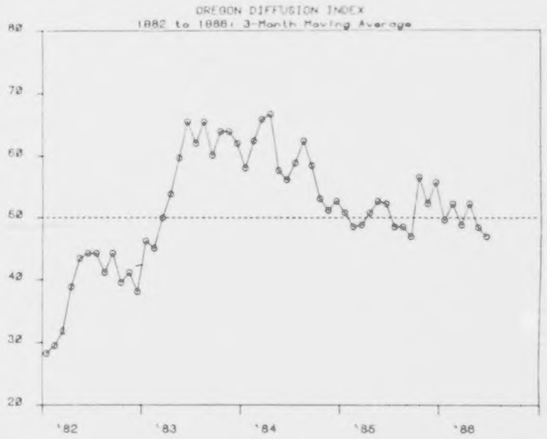
CONCLUSION

In 1986, the number of Oregonians unemployed will average about 120,000 per month. Of these, nearly one-third (37,000) will receive UI benefits. Roughly 70,000 will be job losers, with 20,000 of these having been laid off. Only 16,000 will leave their previous jobs voluntarily, while almost 30,000 will be reentrants and 6,000 new entrants.

In all likelihood, over 20,000 of the unemployed will be out of work for more than 27 weeks before finding another job, while 45,000 will find work within five weeks.

In addition to the unemployed, recent national surveys suggest that there is an additional group of "discouraged workers" who may number as many as 17,000 in Oregon. Of these, about 5,000 are discouraged because of personal reasons (think they're too young or too old, lack education, etc.), while the remaining 12,000 are discouraged due to job market factors (couldn't find work, believe no jobs available).

Adding the discouraged workers to the unemployed yields a total of 137,000 Oregonians who could be working if the jobs were available and the skills of these potential workers matched job requirements. Although it is unrealistic to expect the number of unemployed and discouraged workers to ever fall to zero, any reduction in the current levels would be good for Oregon's economy.□



NEW LMI PUBLICATION

The 1985 Oregon Wage Information report is now available. Over 300 common occupations are listed including 1983 employment, the sources of wage data for each occupation, and wages (low, average, high).

Your free copy of this report may be ordered from:

Employment Divison - R&S
875 Union St NE
Salem OR 97311
503/378-8657

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

AUGUST 1986

JULY INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
July 1986	9.4
June 1986	9.4
July 1985	9.1
U.S.	
July 1986	6.9
June 1986	7.1
July 1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
July 1986	111.6
June 1986	112.2
May 1986	112.1
Apr. 1986	111.9
Mar. 1986	111.5

DIFFUSION INDEX

Oregon	
July 1986	45.3
June 1986	47.7
May 1986	48.4
Apr. 1986	52.3
Mar. 1986	48.8

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
June 1986	38.9
May 1986	39.3
June 1985	39.3

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
July 1986	314.7
Yearly Change	+ 0.6%
U.S.	
July 1986	328.0
Yearly Change	+ 1.6%

Portland Hotline 221-4132

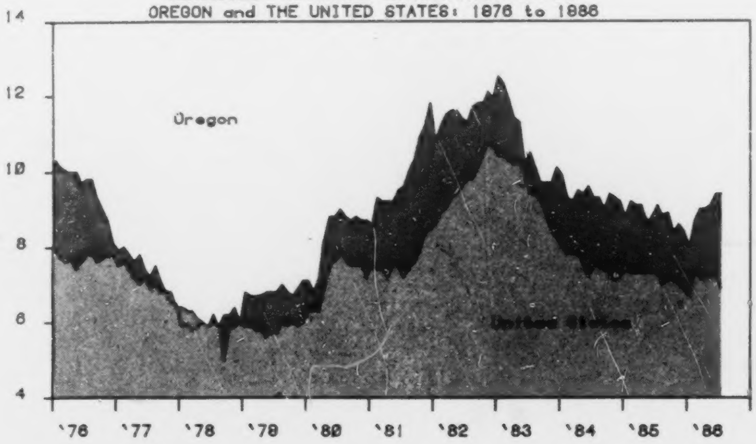
MONTHLY ECONOMIC ANALYSIS

Jeff Hannum

Oregon's economy limped into the second half of 1986 as several key economic indicators flashed signs of weakness, especially in the manufacturing industries. The State's seasonally adjusted unemployment rate remained unchanged at 9.4% in July, two and a half percentage points above the U.S. rate which declined by 0.2 points to 6.9%. Although Oregon's unemployment rate remained static over the past two months, the general trend so far in 1986 has been discouraging. You see this in the graph below. Since reaching a low point of 8.0% in January, Oregon's rate increased in every month except April and July when no change occurred. The national unemployment rate has been more stable this year, fluctuating between 6.7% and 7.3%. The result is a widening unemployment rate gap between Oregon and the Nation in 1986.

Two other economic indicators showed that Oregon's economy lost ground in July. Although the trend in the nonfarm employment indexes for both Oregon and the Nation was positive and very similar during the first half of 1986, a different pattern emerged in July as the accompanying graph shows. The U.S. employment index jumped 0.6 points to a new record high of 121.6. Oregon's index, however, took its biggest fall in three years, declining 0.6 points to 111.6 in July. Both indexes are seasonally adjusted, are based on the year 1977 equals 100.0, and show the relative gain in payroll employment over the past nine years.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1876 to 1886



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	JUL. 1986 1/	JUN. 1986 2/	CHANGE	% CHANGE	JUL. 1985 5/
CIVILIAN LABOR FORCE 3/	1,344,800	1,361,800	- 17,000	- 1.2	1,332,400
UNEMPLOYMENT	119,500	121,200	- 1,700	- 1.4	114,200
PERCENT OF LABOR FORCE	8.9	8.9	XXX	XXX	8.6
SEASONALLY ADJUSTED PERCENT	9.4	9.4	XXX	XXX	9.1
TOTAL EMPLOYMENT 4/	1,225,300	1,240,600	- 15,300	- 1.2	1,218,200

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JUL. 1986 1/	JUN. 1986 2/	JUL. 1985	CHANGE FROM JUN. 1986	CHANGE FROM JUL. 1985
TOTAL 3/	1,043,800	1,067,100	1,023,800	- 23,300	20,000
WAGE & SALARY EMPLOYMENT INDEX 4/	111.6	112.2	109.5	XXX	XXX
DIFFUSION INDEX 5/	45.3	47.7	48.5	XXX	XXX
TOTAL MANUFACTURING	199,900	203,000	203,200	- 3,100	- 3,300
DURABLE GOODS	143,000	147,700	146,000	- 4,700	- 3,000
LUMBER & WOOD PRODUCTS	64,800	66,400	65,900	- 1,600	- 1,100
LOGGING & SAWMILLS	32,800	34,800	35,300	- 2,000	- 2,500
VENEER & PLYWOOD	17,200	17,200	16,300	0	900
MILLWORK & STRUCTURAL WOOD	9,400	9,100	8,900	300	500
MOBILE HOMES	1,500	1,500	1,500	0	0
OTHER WOOD PRODUCTS	3,900	3,800	3,900	100	0
FURNITURE AND FIXTURES	2,800	2,900	2,800	- 100	0
STONE, CLAY, GLASS & CONCRETE	3,100	3,000	3,300	100	- 200
PRIMARY METALS	8,400	8,500	8,700	- 100	- 300
BLAST FURNACES, IRON & STEEL	5,400	5,400	5,400	0	0
NONFERROUS METALS	3,000	3,100	3,300	- 100	- 300
FABRICATED METALS	10,700	11,400	10,900	- 700	- 200
FABRICATED STRUCTURAL METALS	5,100	5,600	5,200	- 500	- 100
OTHER FABRICATED METALS	5,600	5,800	5,700	- 200	- 100
MACHINERY	14,900	14,800	15,700	100	- 800
ELECTRICAL EQUIPMENT & SUPPLIES	13,300	13,100	14,200	200	- 900
TRANSPORTATION EQUIPMENT	9,200	11,500	7,300	- 2,300	1,900
INSTRUMENTS & RELATED PRODUCTS	13,200	13,500	14,600	- 300	- 1,400
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,600	0	0
NONDURABLE GOODS	56,900	55,300	57,200	1,600	- 300
FOOD & KINDRED PRODUCTS	25,600	24,300	26,400	1,300	- 800
CANNING & PRESERVING	15,000	14,000	15,500	1,000	- 500
OTHER FOOD PRODUCTS	10,600	10,300	10,900	300	- 300
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,200	2,200	2,300	0	- 100
PAPER & ALLIED PRODUCTS	9,500	9,400	9,500	100	0
PRINTING & PUBLISHING	11,900	11,700	11,400	200	500
CHEMICALS & ALLIED PRODUCTS	2,000	2,000	1,900	0	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,100	3,100	3,200	0	- 100
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JUL. 1986	JUN. 1986	JUL. 1985	CHANGE FROM	
				JUN. 1986	JUL. 1985
(CONT.)					
TOTAL NONMANUFACTURING	843,900	864,100	820,600	- 20,200	23,300
MINING & QUARRYING	1,900	1,800	1,800	100	100
CONSTRUCTION	35,100	34,100	35,400	1,000	- 300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,700	58,000	58,500	700	200
TRANSPORTATION	37,100	37,000	36,300	100	800
RAILROAD	4,600	4,600	5,100	0	- 500
TRUCKING & WAREHOUSING	21,600	21,000	20,300	600	1,300
OTHER TRANSPORTATION	10,900	11,400	10,900	- 500	0
COMMUNICATIONS	13,000	12,400	13,400	600	- 400
UTILITIES	8,600	8,600	8,800	0	- 200
TRADE	266,800	265,900	260,700	900	6,100
WHOLESALE TRADE	67,400	66,500	66,700	900	700
DURABLE GOODS	39,600	39,300	39,600	300	0
NONDURABLE GOODS	27,800	27,200	27,100	600	700
RETAIL TRADE	199,400	199,400	194,000	0	5,400
GENERAL MERCHANDISE	26,000	25,700	24,500	300	1,500
FOOD STORES	31,500	30,800	29,900	700	1,600
AUTO DEALERS & SERVICE STATIONS	25,200	25,000	25,200	200	0
OTHER RETAIL TRADE	116,700	117,900	114,400	- 1,200	2,300
FINANCE, INSURANCE, & REAL ESTATE	70,900	70,000	68,400	900	2,500
BANKING & CREDIT AGENCIES	24,100	23,800	23,700	300	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	46,800	46,200	44,700	600	2,100
SERVICES	229,100	228,500	215,900	600	13,200
HOTELS & PERSONAL SERVICES	26,100	25,900	25,400	200	700
HEALTH SERVICES	74,100	72,900	69,900	1,200	4,200
OTHER SERVICES	128,900	129,700	120,600	- 800	8,300
GOVERNMENT	181,400	205,800	179,900	- 24,400	1,500
FEDERAL GOVERNMENT	29,600	29,300	30,200	300	- 600
STATE GOVERNMENT	51,100	55,400	51,300	- 4,300	- 200
EDUCATION	18,700	23,300	19,000	- 4,600	- 300
OTHER STATE	32,400	32,100	32,300	300	100
LOCAL GOVERNMENT	100,700	121,100	98,400	- 20,400	2,300
EDUCATION	55,200	76,300	55,000	- 21,100	200
OTHER LOCAL	45,500	44,800	43,400	700	2,100
LABOR-MANAGEMENT DISPUTES	3,500	700	0	2,800	3,500

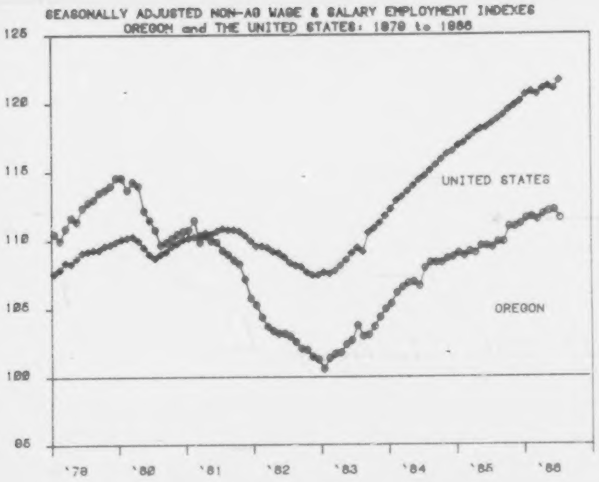
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

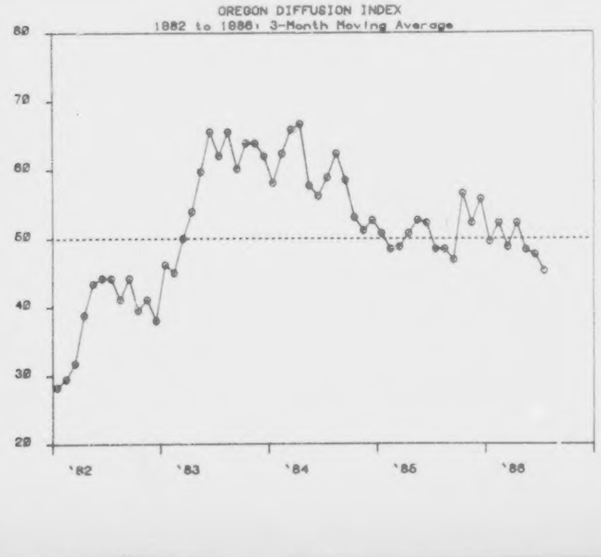
5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



Oregon's poor showing in July was partly the result of temporary factors that pushed the number of workers involved in labor disputes from 700 in June to 3,500 in July, the highest tally since August 1983. Had there been no increase in strike activity, Oregon's employment index would still have declined by 0.3 points due to layoffs in durable goods manufacturing and less than normal hiring by food processing and construction firms.

Increased strike activity had no measurable effect on Oregon's diffusion index, however, which managed to sink to 45.3, its lowest level in 3-1/2 years. Last month's decline marked the third month in a row in which this leading economic indicator has fallen and remained below the break-even level of 50.0. Both of these trends portend a slower economy later this year.

In recent weeks there has been rising concern among economists that the business expansion, both nationally and in Oregon, is losing momentum. Just recently, for example, the Nation's GNP growth rate during the second quarter of 1986 was revised downward from 1.1% to an anemic 0.6%. Also, the Nation's international trade deficit is heading for a new record high of about $170 billion this year. Although the current economic recovery, now over 3-1/2 years old, is not showing some of the typical signs of old age, such as rising inflation and interest rates, tight labor markets, etc., it is suffering from a unique blend of other problems. Several of these include:



- High and persistent unemployment.
- Low prices and excess supplies of a wide variety of agricultural and industrial commodities, including lumber, metals, grain, oil, and many other basic items.
- Lagging exports of U.S. goods due to foreign competition, trade restrictions, and sluggish economic growth in both Japan and Western Europe.
- Severe competition from imports of all kinds, including raw commodities, industrial, and consumer goods. Despite an average devaluation of the U.S. dollar of 20% relative to the currencies of our key trading partners in the past 18 months, imports continue to siphon off a large and growing share of domestic demand. Fierce competition has helped to keep overall prices and profit margins very low, and has reduced plant and equipment spending and industrial production in 1986. This has forced many industries, especially in manufacturing, to re-structure operations and cut costs wherever possible. Many firms have instituted wage and benefit rollbacks, and have threatened to shut down operations if cost cutting efforts fail.

Many economists believe that strong housing construction and consumption spending, which have fueled the expansion so far, will continue to support the economy, but cannot continue to provide much, if any, new stimulus. Government officials at all levels are under increasing pressure also to rein in spending and, if necessary, to eliminate programs. Recent passage of the Gramm-Rudman-Hollings law clearly manifests this pressure at the federal level.

The key, and perhaps only, factor that can re-charge the economy and extend the current business expansion indefinitely is a significant improvement in net exports and our balance of trade with other nations. When this turnaround comes, our beleaguered agricultural and manufacturing industries will begin to stabilize and contribute to economic growth rather than detract from it.

Not surprisingly, it was the manufacturing sector that primarily accounted for Oregon's poor showing in July. Although large layoffs of public and private school personnel accounted for virtually all of the 23,300 net decline in wage and salary jobs between June and July, these summer layoffs were expected. Employment losses in manufacturing (-3,100) were not nearly as large, but they are more significant because they primarily reflect underlying economic problems rather than temporary seasonal factors.

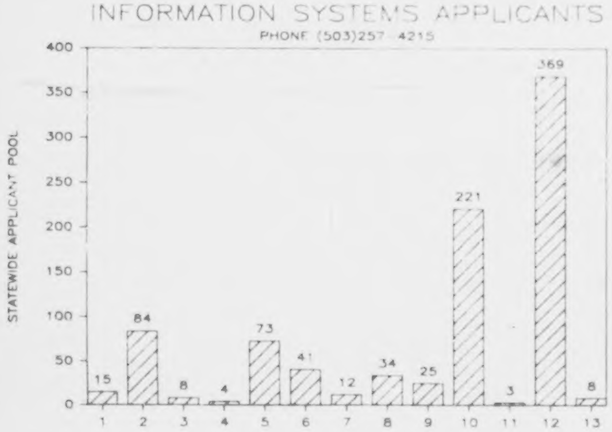
This is especially true for the durable goods manufacturing industries, in which employment fell by 4,700 in July. If normal seasonal patterns had prevailed, durable goods employment would have actually increased by 1,400. Transportation equipment (-2,300), lumber and wood products (-1,600), fabricated metals (-700), and instruments and related products (-300) all reported losses in employment, but the reasons were varied.

PROFESSIONAL PLACEMENT SERVICE

EMPLOYERS CORNER...Dorothy Monnier

In the June issue of the Oregon Labor Trends, we talked about the Professional Placement Service that is currently administered by the Oregon State Employment Division. It is important that you know about the occupations represented in our professional applicant pool. The following graphs show the diversity of our job applicants.

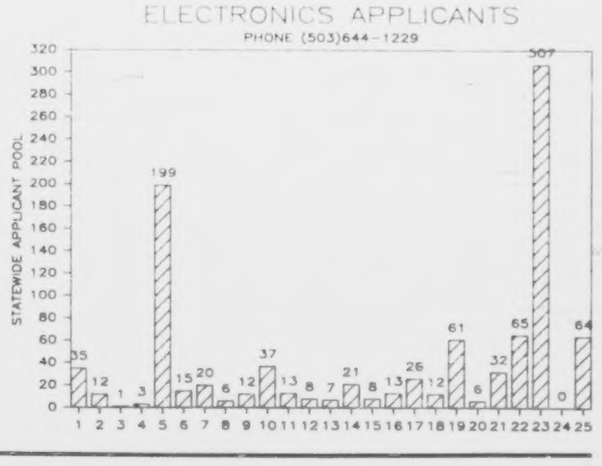
THIS IS HOW YOU USE THE PROFESSIONAL PLACEMENT SERVICE: If you have a job opening, call the Account Executive who specializes in that particular occupation. You may request a computerized search for qualified applicants whose skills match your job opening. The applicant search will be conducted on a statewide basis from applicants registered at the Oregon State Employment Service.



Dave Wilson (503) 229-5239
Information Systems Specialist
1099 S. W. Columbia
Portland, Oregon 97201

OCCUPATION INDEX

1. Systems Engineer
2. Systems Analyst
3. Programmer Business
4. Programmer, Chief, Lead or Project Leader
5. Programmer, Information Systems
6. Writer, Technical Publications
7. Manager, Electronic Data Processing
8. Word Processing, Supervisor/Machine Operator
9. Computer Operations, Supervisor
10. Word Processor
11. Sales Representative-Data Processing Service
12. Computer Operator
13. Sales Representative



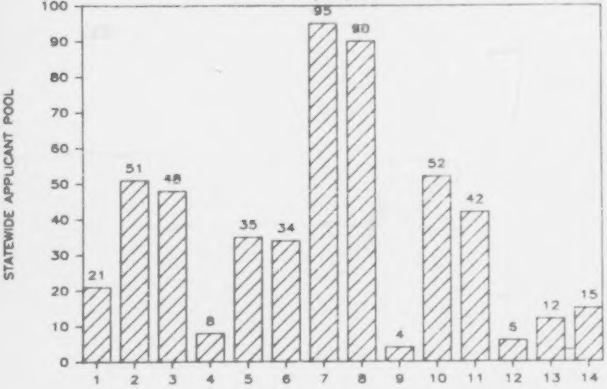
Kamy Hayse (503) 644-1229
Electronic Industry Specialist
8196 SW Hall Blvd.
Beaverton, Oregon 97005

OCCUPATION INDEX

1. Electronics Engineer
2. Design Engineer
3. Research Engineer
4. Test Engineer
5. Electronics Technician (Engineering)
6. Systems Engineer
7. Drafter, Electronics
8. Mechanical Design Engineer - Product
9. Manufacturing Engineer
10. Production Planner
11. QC Engineer
12. Drafter - Computer Assisted
13. Technical Illustrator - Electronics
14. Project Engineer
15. Computer Applications Engineer
16. Engineering Analyst
17. Programmer - Engineering Scientific
18. Software Technician
19. Writer, Technical Publications
20. Editor Technical and Scientific Publication
21. Management and Systems Analyst
22. Buyers
23. Purchasing (Electronics)
24. Training Representative
25. Production Supervisor

ENGINEERING APPLICANTS

PHONE (503)657-6812



Jo Collins (503) 657-6812
Engineering Specialist
506 High Street
Oregon City, Oregon 97045

OCCUPATION INDEX

1. Contract Administrator
2. Electrical Engineer
3. Civil Engineer
4. Civil Drafter
5. Structural Engineer
6. Surveyor
7. Surveyor, Assist Instrument
8. Drafter, Engineering
9. Traffic Engineer
10. Mechanical Engineer
11. Drafter
12. Chemical Engineer
13. Manufacturing Engineer
14. Industrial Engineer

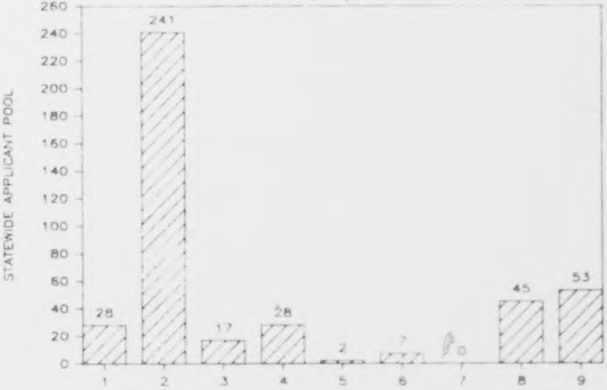
Margaret Skoch (503) 257-4215
Accountant, Specialist
550 S. E. 160th Avenue
Portland, Oregon 97233

OCCUPATION INDEX

1. Auditor
2. Accountant
3. Accountant, Budget
4. Accountant, Cost
5. Accountant, Property
6. Accountant, System
7. Auditor, Internal
8. Manager, Credit & Collection
9. Controller

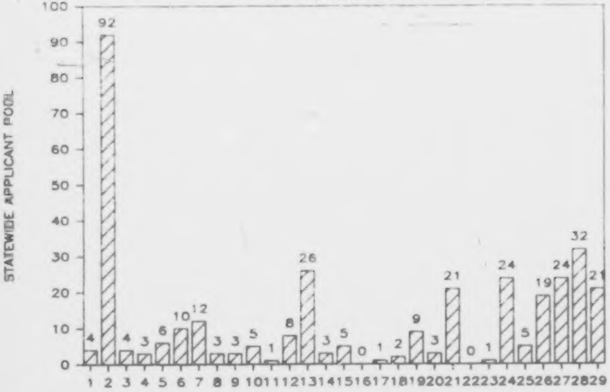
ACCOUNTING APPLICANTS

PHONE (503)257-4215



HEALTH CARE SERVICES

PHONE (503)280-6081



Jean Erickson (503) 280-6081
Health Occupations Specialist
5411 N. E. Union
Portland, Oregon 97217

OCCUPATION INDEX

1. Physicians and Surgeons
2. RN, General Duty (Staff)
3. RN, Occupational Health (Industrial)
4. RN, (DNS) Director of Nursing Service
5. RN, Instructor
6. RN, Community Health
7. RN, Head
8. RN, Supervisor
9. RN, Practitioner
10. Speech Pathologist
11. Occupational Therapist (O.T.)
12. Physical Therapist (P.T.)
13. Medical Technologist
14. Chemistry Tech.
15. Microbiology Tech.
16. Cytotechnologist
17. Nuclear Medical Tech
18. Histologist
19. EKG Tech
20. EEG Tech
21. Radiologic Tech
22. Ultra Sound Tech
23. Record Administrator
24. Respiratory Therapist
25. Physicians Assistant
26. Hospital Administrator
27. Medical Social Worker
28. Psychiatric Social Worker
29. Drug and Alcohol Counselor

In transportation equipment, two major factors were cited for the layoffs. One was a slump in the market for heavy trucks coupled with excess manufacturing capacity. Another was a sharp drop in the volatile ship repair industry due to contract completions. Labor contracts in this industry expired at the end of June. As in many other basic industries, management is seeking wage and benefit concessions in an effort to cut costs and attract more ship repair business to the State.

Layoffs in fabricated metals were also caused by contract completions, but the outlook for more oil module contracts may depend more on OPEC decisions and the world price of oil than anything either labor or management can do within Oregon.

Job losses in the instruments and related products industry (-300) were not as large and were almost offset by a gain of 200 in electrical equipment, but the electronics "industry" is still very much in the doldrums. Weak markets due to the slump in business equipment spending, excess production capacity, and intense competition from both foreign and domestic firms are causing a number of Oregon companies to re-structure their operations. As a result, we can expect further job losses in high tech manufacturing in the next several months.

In lumber and wood products, July's employment decline of 1,600 had more to do with labor contract disputes than weak markets. Demand and production levels for lumber and plywood are actually quite high due to the current U.S. housing boom. Strong competition from low cost Canadian and U.S. producers and also from alternative structural panel products that compete with plywood, however, have kept lumber and plywood prices low. The resulting squeeze on profit margins has been felt throughout the industry, but especially at larger, unionized companies with high labor costs. When these labor contracts expired in June, the potential for strikes was high because all of the companies were seeking sizeable wage and benefit rollbacks. Almost all of the 3,500 workers involved in labor-management disputes during the mid-July survey week were from the wood products industry. At this writing, labor contract agreements have been reached at most of the companies involved. The good news is that many mills will remain open and provide jobs for thousands of workers. The bad news is that workers will be earning about $3 to $4 per hour less in wages and benefits in the next two years. The total income loss to the State and local communities affected will be even greater as millworkers curtail their personal spending.

The only nonmanufacturing industry that failed to perform as well as expected in July was construction. Employment in the building trades did rise by 1,000 during the month, but this was about half the usual seasonal increase. Lower interest rates have been a boon to residential builders during the past year (1,000 more jobs), but nonresidential building contractors have not fared as well (-200). One reason for this may be that tax reform legislation pending in Congress keeps tax benefits for single family homes but removes tax deductions for some commercial projects. In any event, employment in Oregon's construction industry was only 300 higher in July than one year ago. Since interest rates are already much lower than they were last summer, it is unlikely that the Federal Reserve's recent drop in the discount rate to 5-1/2% (the fourth decline so far this year) will have much impact on building activity in Oregon. The FED's action, however, was another small step in the right direction, and will probably be followed by similar rate cuts later this year and in Western Europe and Japan.

As usual, both trade and services performed better than expected in July, with food stores (+700), hospitals (+600), and other health services (+600) leading the way. Services had the best seasonally adjusted increase in employment among Oregon's major industries (+1,100), despite a drop of 600 in the rapidly expanding business services sector. One of the main reasons behind the strength in trade and services this summer is increased tourism throughout the State. This shows up in higher over-the-year employment counts in eating and drinking places (+1,400) and lodging places (+800). With sharply lower gas prices and the lure of Expo '86 in Vancouver B.C., more visitors were greeted in July at State information centers than ever before. Over 80,000 visitors were tallied at six Oregon welcome centers, 12% more than last year, and 10% more than the previous high served in 1977.

Strong tourism activity this summer also helps to explain two other indicators. The number of job placements made in July by Employment Division offices across the State has averaged around 10,000 over the last few years. This July, these offices made well over 12,000 placements. Another indication of improved job opportunities, at least for youth, comes from the Oregon Bureau of Labor and Industries. During the past 12 months, the number of work permits issued to youths aged 14-17 exceeded 34,200, the highest level in seven years.

In summary, the paradox of "good news, bad news" continued in July. At this stage of the business expansion, it is well to remember that economic indicators are more likely to reflect contradictory trends. As a result, no single indicator should be relied on to "tell the whole story".

If recent labor force data tell us anything, however, it is this: Oregon's economy, as well as the Nation's, is teetering and needs a booster shot, especially in the manufacturing and agricultural arms. The gradual re-structuring of industry involving layoffs and/or wage and benefit reductions is still in progress. Although these changes may be laying a stronger and more competitive foundation for Oregon's economy in the future, they are creating painful dislocations in the short run that are affecting many Oregon workers and their families. These changes also reflect the growing influence of world trade and economic competition on Oregon. One unfortunate by-product of this worldwide trend, however, is Oregon's increased susceptibility to economic events, such as currency exchange rate fluctuations, which are beyond our control.□

THE MIGRATION OF ELDERLY TO OREGON, 1980-85

Ed Schafer

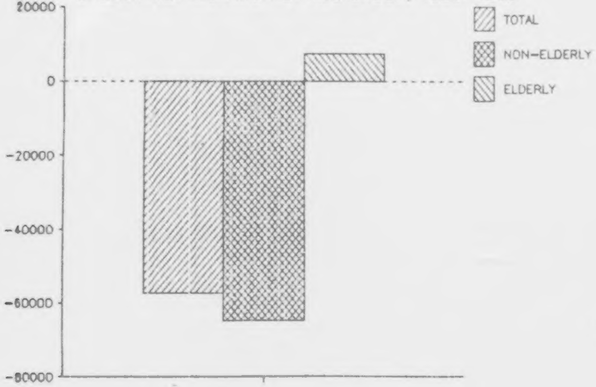
The results of the 1985 population estimates for Oregon brought few surprises. Most notably the data revealed that areas dependent on resource-based industries continued to lose population, while those not so connected to the lumber industry grew at a very modest rate. Perhaps the only big surprise was the extent to which elderly population continued to migrate into the State during the period 1980-1985. This article looks briefly at the pattern of elderly net migration within the State, and discusses the contribution which these new residents of Oregon make to the economy.

VOLUME OF ELDERLY NET MIGRATION

During the five-year period following the 1980 Census, the elderly population of Oregon increased by 45,810 individuals, from 303,336 in 1980 to an estimated 349,146 individuals in 1985. This represented a 15% growth of the elderly population during a period when the growth of the total population amounted to just 2 percent. The majority of the increase in the number of elderly Oregonians has been due to the aging of the population; that is, more people "aged" into elderly status than left elderly status through death. Yet, a significant proportion of the increase in the number of elderly Oregonians occurred through net migration. That is, during the five year period following the 1980 Census, 7,400 more elderly individuals moved into Oregon from other states than moved out of Oregon to other states. (See Figure 1.)

FIGURE 1

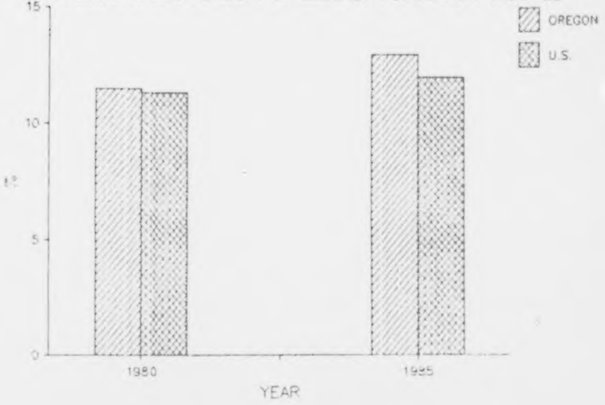
OREGON NET MIGRATION BY AGE GROUP, 1980–1985



While the volume of elderly net migration to Oregon is not remarkable, the fact that it occurred during a period of heavy out-migration by the non-elderly increases its impact on the State. For example, in 1980 the proportion of the Oregon population 65 years of age or over was 11.5 percent. This was very close to the national average of 11.3 percent. By 1985, the percentage of Oregonians 65 years old or over increased to 13 percent. Yet, U.S. Bureau of the Census projections found that the percentage of the Nation's population 65 years old and over increased to only 12 percent. (See Figure 2.)

FIGURE 2

CHANGES IN THE PERCENT OF ELDERLY POPULATION 1980–85



In summary, had it not been for the migration of elderly into the State during the five years following the last U.S. Census, net out-migration occurring to the State would have amounted to 64,800 rather than the 57,400 actually experienced.

GEOGRAPHIC DISTRIBUTION OF ELDERLY NET MIGRATION

Although as a whole, the State gained elderly population through net migration, not all counties benefited equally from this source of population increase. For instance, while Marion County's elderly population grew by 2,160 through net in-migration, Multnomah's elderly population decreased by roughly the same amount (-2,133) because of net out-migration. Other counties which posted gains in their elderly populations of 500 or more due to net migration include Deschutes (1,135), Douglas (521), Jackson (1,180), Josephine (1,102), and Lane (1,640). Additional counties which experienced net out-migration of elderly in excess of 100 were Columbia (-177) and Washington (-117).

In general, it appears that the elderly in-migration has been most pronounced in counties along Interstate Highway 5, south of the Portland Metropolitan Area and in Central Oregon, specifically Deschutes County. Interestingly, the Portland Metropolitan Area has been the region of greatest out-migration of elderly. Given the accepted wisdom that elderly usually seek areas with extensive medical facilities and the concentration of these medical facilities within the Portland area, the out-migration of elderly from this particular region is unexpected.

The accompanying table illustrates the demographic impact that net migration of elderly has had in some Oregon counties. This table contains information on the actual net migration for all ages occurring to three counties between 1980 and 1985. In addition, it shows what the net migration for each county would have been if there had been zero net migration for the elderly age group. As one can see, some counties with small or medium amounts of net in-migration would have experienced net out-migration if it were not for the in-migration of the elderly.

County	Actual Net Migration	Adjusted For Zero Elderly Migration
Deschutes	+ 401	-1536
Jackson	+1054	- 126
Marion	+ 354	-2514

IMPACT OF ELDERLY MIGRATION

In general, migration is usually viewed as a consequence of changing economic conditions within an area or different economic conditions between areas. In this sense, migrants are thought to leave areas with unfavorable employment opportunities and go to areas with more favorable opportunities. The overall out-migration of population from Oregon since the 1980 Census is a classic example of the impact that economic conditions can have on migration. Yet, as a greater proportion of the Nation's population becomes reliant on income transfers (e.g., Social Security, retirement, welfare) for their livelihoods, the relationship between economic conditions and migration becomes more complicated. One of the most obvious complications that occurs with the increasing importance of transfer payments to individuals is the decline in importance of employment opportunities as a primary factor used by some individuals in decisions about their location of residence. In fact, it could be argued that individuals who primarily live on transfer payments would maximize the benefits these payments would bring by living in areas experiencing unfavorable economic conditions, since these conditions often result in lower costs for many goods and services. Housing is a good example of this. Areas that are economically depressed often have depressed housing markets resulting in lower housing costs.

The movement of elderly into areas that are lagging economically could have very positive impacts to these localities. Besides creating additional demand for housing, as noted above, they create demand for a broad range of other goods and services, particularly the latter. This additional demand eventually leads to job creation for non-elderly residents. Thus, one could conclude that the economic impact of the elderly is in some ways similar to that of basic industries. By that we mean that the elderly bring income to an area from outside, and that the "imported" income generates additional jobs.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	June 2/ 1986	May 3/ 1986	June 1985	June 2/ 1986	May 3/ 1986	June 1985	June 2/ 1986	May 3/ 1986	June 1985
TOTAL MANUFACTURING 4/	$420.51	$423.26	$418.15	38.9	39.3	39.3	$10.81	$10.77	$10.64
Durable Goods	432.13	433.60	435.64	39.5	40.0	40.3	10.94	10.84	10.81
Lumber & Wood Products	444.31	447.63	456.37	39.6	40.4	40.6	11.22	11.08	11.29
Logging & Sawmills	488.00	480.76	483.15	40.0	40.4	39.7	12.20	11.90	12.17
Veneer & Plywood	412.25	441.00	466.05	38.6	41.1	42.1	10.68	10.73	11.07
Millwork & Struct Wood	360.59	360.90	363.32	39.8	40.1	41.1	9.06	9.00	8.84
Mobile Homes	327.49	285.47	314.27	37.3	32.7	36.8	8.78	8.73	8.54
Other Wood Products	415.40	442.49	456.60	39.6	41.2	42.2	10.49	10.74	10.82
Furniture & Fixtures	308.11	308.07	305.71	39.3	38.8	38.6	7.84	7.94	7.92
Primary Metals	476.72	470.74	506.15	40.4	40.2	41.9	11.80	11.71	12.08
Fabricated Metals	419.76	411.20	405.21	40.4	40.0	40.4	10.39	10.28	10.03
Machinery	450.06	426.70	430.40	40.4	39.4	40.0	11.14	10.83	10.76
Nondurable Goods	385.91	391.72	371.04	37.0	37.2	36.7	10.43	10.53	10.11
Food & Kindred Products	317.63	324.90	306.77	36.3	36.1	35.1	8.75	9.00	8.74
Canning & Preserving	257.87	256.36	236.84	34.8	34.0	32.4	7.41	7.54	7.31
Other Food Products	423.15	411.38	425.70	39.0	38.7	39.6	10.85	10.63	10.75
Textile Mill Products	213.62	228.05	213.35	33.8	35.8	34.3	6.32	6.37	6.22
Apparel	216.22	210.37	217.14	36.4	35.9	38.5	5.94	5.86	5.64
Paper & Allied Products	607.01	620.59	584.42	39.7	41.4	40.5	15.29	14.99	14.43
Printing & Publishing	416.80	400.50	377.78	35.9	35.6	34.5	11.61	11.25	10.95
Construction 4/	481.66	477.47	499.20	36.6	34.7	36.2	13.16	13.76	13.79
Communications & Utilities 5/	488.03	515.34	515.43	40.5	40.9	41.4	12.05	12.60	12.45
Trade 5/	292.32	283.40	296.67	34.8	33.9	34.1	8.40	8.36	8.70
Wholesale Trade	388.36	378.49	408.19	38.0	37.4	38.4	10.22	10.12	10.63
Retail Trade	246.42	237.31	244.60	33.3	32.2	32.1	7.40	7.37	7.62
Banking & Insurance	306.05	302.24	284.16						
State & Local Government	343.71	340.34	320.42						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYMENT BY SIZE OF FIRM

Errol Pedersen

One of the many by-products of the unemployment insurance tax system is covered employment and payroll data. Since this data is collected at the firm level, it is possible to assign a size code in terms of employment to each firm and, as a result, tabulate data by size of firm. The federal government established a coding structure, and requires an annual report from each state. This size of firm data is based, with the exception of Alaska, on employment in the month of March.

Size of firm data can be of some value if properly used. This requires an understanding of some basic concepts. First, contrary to its name, it is not based on actual firm size. Rather, it is based on the concept of a "reporting unit," which is the sum of a firm's Oregon employment within a given industry and county. This should not be confused with an "establishment," which is a unique physical location. Similar establishments of a firm in the same industry and county constitute a single reporting unit.

Another feature of this data is that it is like a snapshot, showing the size structure of Oregon industries at one point in time. To try to deduce trends from comparing two or more of these snapshots is hazardous. Only by studying the data at the firm level could one determine, for example, whether an increase in the number of small firms was due to new firms entering the economy or large firms reducing their employment. Also, March is not a peak employment month in Oregon, so a number of companies, like those in food processing, are counted in a lower size class than might otherwise be the case later in the year.

Later this year when a study which will trace firm size over time is completed, we should have a better understanding of the importance of firm size in generating employment growth. In the meantime, the following tables may be of interest. In March 1985, for example, 89 percent (57,947) of the private sector firms in Oregon had fewer than 20 employes. These same firms, however, employed only 30 percent (237,776) of all private industry workers. Similar tables can be generated for payroll data and for individual counties in Oregon.

NO. OF OREGON FIRMS BY SIZE CLASS
MARCH 1985

	Total No. of Firms	Size of Firm (No. Employes)			
		0-19	20-99	100-499	500+
Total All Ownership	67,495	59,414	6,625	1,282	174
Total Priv Industry	65,159	57,947	6,096	1,013	103
Agri, Forest & Fish	2,297	2,089	197	11	*
Mining	196	180	16	*	0
Construction	6,264	5,991	260	13	0
Manufacturing	5,897	4,436	1,073	340	48
Transp & Public Ut	3,084	2,629	383	63	9
Wholesale Trade	6,465	5,702	697	63	3
Retail Trade	14,836	12,800	1,821	201	14
Fin, Ins & Real Est	5,258	4,789	389	73	7
Services	20,861	19,330	1,261	249	21
Government	2,336	1,467	529	269	71

NOTE: An * denotes a suppression to avoid disclosure of data which may be identified with individual firms. Total No. of Firms column does not include such firms.

OREGON EMPLOYMENT BY SIZE OF FIRM
MARCH 1985

	Total Employment	Size of Firm (No. Employes)			
		0-19	20-99	100-499	500+
Total All Ownership	976,094	245,801	268,387	251,987	209,919
Total Priv Industry	790,435	237,776	243,522	191,226	117,911
Agri, Forest & Fish	17,642	7,937	7,533	2,172	*
Mining	1,428	778	650	*	0
Construction	28,684	17,396	9,258	2,030	0
Manufacturing	192,758	20,994	47,063	67,664	57,037
Transp & Public Ut	51,258	12,235	15,613	11,285	12,125
Wholesale Trade	64,827	25,355	26,550	10,618	2,304
Retail Trade	185,923	65,687	70,263	36,459	13,514
Fin, Ins & Real Est	54,105	15,477	15,687	13,588	9,353
Services	193,800	71,907	51,070	47,815	23,008
Government	185,659	8,025	24,865	60,761	92,008

NOTE: An * denotes a suppression to avoid disclosure of data which may be identified with individual firms. The Total columns do not include such firms. □

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
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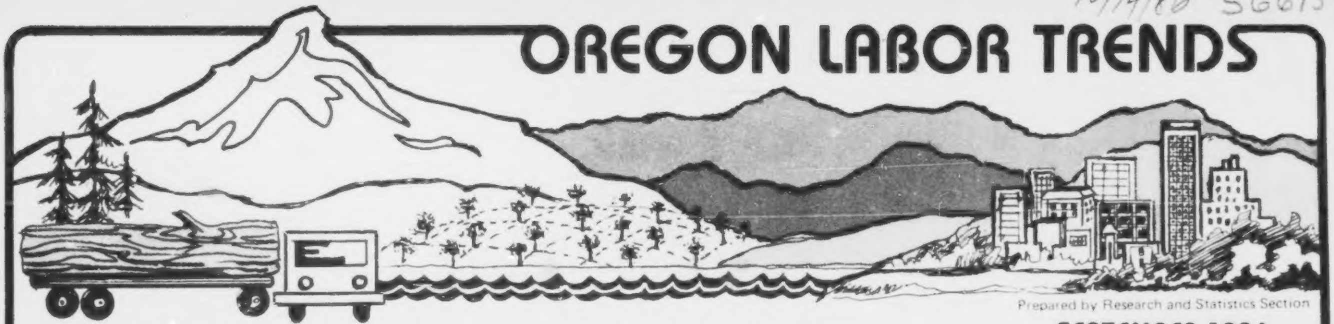


Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

SEPTEMBER 1986

AUGUST INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Aug	1986	9.3
July	1986	9.4
Aug	1985	8.8

U.S.

Aug	1986	6.8
July	1986	6.9
Aug	1985	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon 1977=100

Aug	1986	112.6
July	1986	111.9
June	1986	112.2
May	1986	112.1
Apr	1986	111.9

DIFFUSION INDEX

Oregon

Aug	1986	46.1
July	1986	43.0
June	1986	47.7
May	1986	48.4
Apr	1986	52.3

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

July	1986	38.2
June	1986	38.9
July	1985	37.1

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA

July 1986	314.7
Yearly Change	+ 0.6%

U.S.

Aug. 1986	328.6
Yearly Change	+ 1.6%

Portland Hotline 221-4132

MONTHLY ECONOMIC ANALYSIS

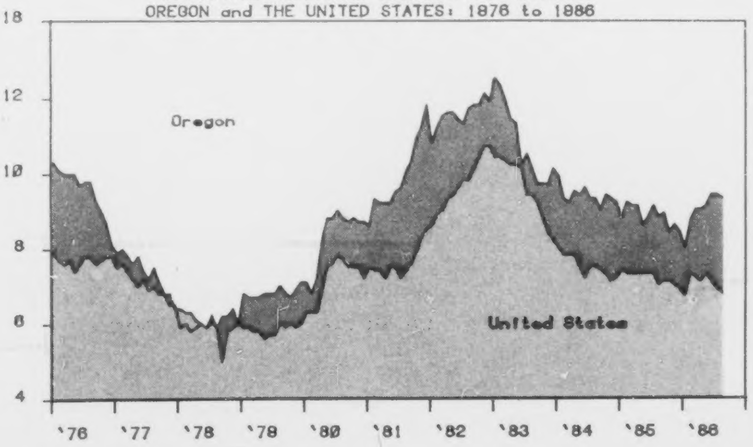
Fred Klatz

While both Oregon and the Nation registered a one-tenth drop in their unemployment rates between July and August, there is still a considerable gap between their rates: 9.3% for Oregon and 6.8% for the U.S. This gap has increased fairly steadily since the beginning of the year, from a 1.3 percentage point spread in January, to the current 2.5 percentage point difference in August.

Oregon, with its highly seasonal economy, has had no trouble staying above the national rate. In fact, the last time Oregon's annual average unemployment rate equaled the national average was in 1978. However, Oregon is not alone when it comes to exceeding the national rate.

A comparison of annual average unemployment rates for individual states with the U.S. between 1974-1979 and 1980-1985 shows that major areas of the Nation exceed the national rate on a fairly regular basis. If we select states that exceed the national average half the time or more, we find that unemployment tends to be concentrated within the Nation, and for the first half of the 1980's fell into two major geographical sections. The western tier is comprised of Oregon, Washington, Idaho, Nevada, and Alaska. The other area is concentrated around the Ohio and Mississippi river valleys. The eastern seaboard and the central portions of the country typically didn't exceed the national average between '80 and '85.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	AUG. 1986 1/	JUL. 1986 2/	CHANGE	% CHANGE	AUG. 1985 5/
CIVILIAN LABOR FORCE 3/	1,374,700	1,358,900	15,800	1.2	1,331,500
UNEMPLOYMENT	113,700	120,500	- 6,800	- 5.6	103,700
PERCENT OF LABOR FORCE	8.3	8.9	XXX	XXX	7.8
SEASONALLY ADJUSTED PERCENT	9.3	9.4	XXX	XXX	8.8
TOTAL EMPLOYMENT 4/	1,261,000	1,238,400	22,600	1.8	1,227,800

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	AUG. 1986 1/	JUL. 1986 2/	AUG. 1985	CHANGE FROM JUL. 1986	CHANGE FROM AUG. 1985
TOTAL 3/	1,059,400	1,046,400	1,034,700	13,000	24,700
WAGE & SALARY EMPLOYMENT INDEX 4/	112.6	111.9	109.9	XXX	XXX
DIFFUSION INDEX 5/	48.1	43.0	48.5	XXX	XXX
TOTAL MANUFACTURING	209,600	199,900	210,600	9,700	- 1,000
DURABLE GOODS	147,100	143,200	148,200	3,900	- 1,100
LUMBER & WOOD PRODUCTS	67,400	64,400	66,200	3,000	1,200
LOGGING & SAWMILLS	35,700	32,600	35,200	3,100	500
VENEER & PLYWOOD	17,000	17,100	16,300	- 100	700
MILLWORK & STRUCTURAL WOOD	9,300	9,400	9,300	- 100	0
MOBILE HOMES	1,600	1,500	1,500	100	100
OTHER WOOD PRODUCTS	3,800	3,800	3,900	0	- 100
FURNITURE AND FIXTURES	2,900	2,800	2,700	100	200
STONE, CLAY, GLASS & CONCRETE	3,300	3,200	3,300	100	0
PRIMARY METALS	8,500	8,500	8,700	0	- 200
BLAST FURNACES, IRON & STEEL	5,400	5,500	5,500	- 100	- 100
NONFERROUS METALS	3,100	3,000	3,200	100	- 100
FABRICATED METALS	11,100	11,000	11,400	100	- 300
FABRICATED STRUCTURAL METALS	5,200	5,200	5,600	0	- 400
OTHER FABRICATED METALS	5,900	5,800	5,800	100	100
MACHINERY	14,700	14,900	15,600	- 200	- 900
ELECTRICAL EQUIPMENT & SUPPLIES	13,300	13,200	14,100	100	- 800
TRANSPORTATION EQUIPMENT	10,600	9,400	9,100	1,200	1,500
INSTRUMENTS & RELATED PRODUCTS	12,600	13,200	14,600	- 600	- 2,000
MISCELLANEOUS MANUFACTURING	2,700	2,600	2,500	100	200
NONDURABLE GOODS	62,500	56,700	62,400	5,800	100
FOOD & KINDRED PRODUCTS	31,200	25,600	31,400	5,600	- 200
CANNING & PRESERVING	20,600	15,100	20,600	5,500	0
OTHER FOOD PRODUCTS	10,600	10,500	10,800	100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,100	2,000	2,400	100	- 300
PAPER & ALLIED PRODUCTS	9,400	9,500	9,500	- 100	- 100
PRINTING & PUBLISHING	11,900	11,800	11,600	100	300
CHEMICALS & ALLIED PRODUCTS	2,100	2,000	1,900	100	200
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,200	3,200	3,100	0	100
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	AUG. 1986	JUL. 1986	AUG. 1985	CHANGE FROM JUL. 1986	CHANGE FROM AUG. 1985
(CONT.)					
TOTAL NONMANUFACTURING	849,800	846,500	824,100	3,300	25,700
MINING & QUARRYING	1,900	1,800	1,900	100	0
CONSTRUCTION	36,100	35,200	36,000	900	100
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,400	58,500	58,700	- 100	- 300
TRANSPORTATION	37,200	36,900	36,500	300	700
RAILROAD	4,600	4,600	5,100	0	- 500
TRUCKING & WAREHOUSING	21,600	21,400	20,600	200	1,000
OTHER TRANSPORTATION	11,000	10,900	10,800	100	200
COMMUNICATIONS	12,700	13,000	13,400	- 300	- 700
UTILITIES	8,500	8,600	8,800	- 100	- 300
TRADE	267,700	265,700	263,400	2,000	4,300
WHOLESALE TRADE	67,900	67,200	67,300	700	600
DURABLE GOODS	39,700	39,700	39,500	0	200
NONDURABLE GOODS	28,200	27,500	27,800	700	400
RETAIL TRADE	199,800	198,500	196,100	1,300	3,700
GENERAL MERCHANDISE	25,600	25,700	24,800	- 100	800
FOOD STORES	31,500	31,400	29,900	100	1,600
AUTO DEALERS & SERVICE STATIONS	24,700	25,000	25,300	- 300	- 600
OTHER RETAIL TRADE	118,000	116,400	116,100	1,600	1,900
FINANCE, INSURANCE, & REAL ESTATE	71,400	71,300	68,600	100	2,800
BANKING & CREDIT AGENCIES	24,200	24,100	23,800	100	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,200	47,200	44,800	0	2,400
SERVICES	230,300	230,400	216,300	- 100	14,000
HOTELS & PERSONAL SERVICES	26,600	26,400	25,400	200	1,200
HEALTH SERVICES	74,000	73,900	70,400	100	3,600
OTHER SERVICES	129,700	130,100	120,500	- 400	9,200
GOVERNMENT	184,000	183,600	179,200	400	4,800
FEDERAL GOVERNMENT	31,000	29,600	29,900	1,400	1,100
STATE GOVERNMENT	51,600	51,900	50,500	- 300	1,100
EDUCATION	18,500	19,200	18,200	- 700	300
OTHER STATE	33,100	32,700	32,300	400	800
LOCAL GOVERNMENT	101,400	102,100	98,800	- 700	2,600
EDUCATION	55,400	56,200	55,200	- 800	200
OTHER LOCAL	46,000	45,900	43,600	100	2,400
LABOR-MANAGEMENT DISPUTES	2,000	3,200	200	- 1,200	1,800

1/ PRELIMINARY

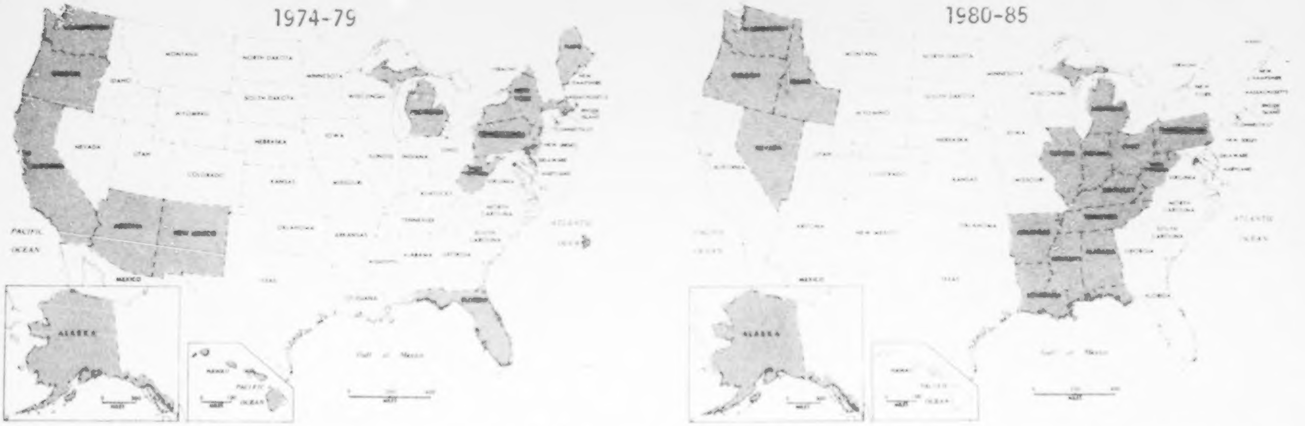
2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

Comparison of State and U.S. Annual Average Unemployment Rates*



*States whose unemployment rates exceeded the U.S. rate in at least 4 out of each 6 year period are shaded.

This pattern is applicable to the current decade, but not to the last half of the previous decade. From 1974 through 1979, states which had average annual unemployment rates which exceeded the national average more than half the time were concentrated along the western seaboard, from New Mexico to Alaska (including Hawaii), and the northeast.

After speaking to people in some of these states' employment security agencies, two basic trends emerge to explain this geographic shift in unemployment. The first trend is a shift away from reliance on manufacturing as the main driver of the state's economy and the increasing importance of services, trade, and high tech industries. A second trend is that the increase in defense spending at the national level has helped boost the economies of many states. This hasn't necessarily helped states which have military installations in them such as forts, air and naval bases, but rather, states which have research centers, high technology applications centers, and which are capable of manufacturing highly sophisticated equipment.

In the west, states such as California, Arizona, and New Mexico which changed from higher than national to lower than national unemployment averages, indicated that their economies had moved more toward services and had eased their dependence on manufacturing. While each of these states has an electronics industry, their production for civilian markets has been lagging in recent years. However, they have strong defense-related high tech industries, many in electronics, which have expanded rapidly with the increase in defense spending.

The states in the northeastern portion of the country had been, in many cases, having problems with some of the industries in their manufacturing base prior to the 1974-1975 recession, but that recession cut deeply into their industrial base. It forced many marginal older firms in this area of the country out of business and encouraged many of the survivors to migrate to other sections of the country. This left the northeastern states with economies in which services, trade, and high tech played a larger role than in the past. As the U.S. economy recovered from that recession, traditional manufacturing firms didn't reach their previous levels of employment in the northeast. During the '80's, these states' economies expanded in the services, trade, and high tech areas. During the 1980-82 recession, they weren't as heavily impacted as the states in the Mississippi-Ohio river valleys area, which were more reliant on manufacturing.

For example, New Jersey lost quite a few firms in the glass, food processing, and pottery industries, and the chemical industry pared back substantially in the 1974-75 recession. These industries didn't recover following the recession. In their place, services, high tech, and gambling had become New Jersey's dominant industries. When the 1980-82 recession hit the country, New Jersey's economy wasn't as badly impacted as it had been in the past.

Another northeastern state which typifies this trend is Massachusetts, which also suffered losses in traditional manufacturing industries as firms quit or migrated in the 1970s. However, this State developed high tech industries in conjunction with academic institutions, especially in electronics. As a result, Massachusetts currently is the second largest recipient of defense money in the country (second to California) because of its research and high tech manufacturing establishments. Additionally, it is the headquarters for several large insurance and banking firms, and is becoming a major data processing center for banking.

The states which showed high annual average unemployment rates compared with the Nation during the first half of the '80s are concentrated around the Mississippi and Ohio river valley areas and extend from the Canadian border to the Gulf of Mexico. It almost appears as though the traditional "rust belt" has developed a considerable paunch and its belt buckle now rests on the Mississippi's delta. Typically, these are states which have manufacturing industries which were hard hit during the 1980-82 recession period and are still bothered by foreign competition. They also have no significant counterbalance from defense or extensive service industries. Arkansas' textile, leather, and wood products industries were all having trouble. Mississippi, with its small rural manufacturing and assembly of electrical appliances, auto electrical equipment, garments, and furniture, was hard hit by recession and foreign competition. A major concern of one economic analyst from this State was whether Mississippi could develop the infrastructure needed to attract the kinds of industries that were successfully combating unemployment in the northeast.

Illinois' experience also typifies problems found in this area. In the recent past, it had a good mix of industries including banking, commodities, tourism, and manufacturing, and was well insulated from recessions. Additionally, in 1977, 1978, and 1979 Illinois was in a building boom. Between 1974 and 1979, the State's annual average unemployment rate never exceeded the U.S. annual rate. In the 1980s, however, its annual rate was higher than the Nation's in each of the six years. This was because its manufacturing sector, which produced farm machinery, autos, and electrical equipment, was hard hit by the last recession, the downturn in the farm economy, and foreign competition. Now such prestigious names as International Harvester, John Deere, Caterpillar, Allis Chalmers, Motorola, and Zenith no longer command the high levels of employment that they did in the recent past.

Of course, to every rule or generality there is an exception, and the one to this is Florida. This State's unemployment rate was higher than the national average in the latter part of the 1970s, but lower by the first half of the '80s. For the most part, this was due to a major slump in the construction industry because of overbuilding in the 1970s in anticipation of very high growth. This overbuilding took several years to work itself down and kept unemployment rates up.

Although Oregon's unemployment rate continues to remain well above the Nation's this year, the State's wage and salary employment struck a positive note in August by increasing 13,000 between July and August. The result was a gain of 0.7 in the wage and salary employment index. While employment increases are expected at this time of year, August's employment level was also an improvement over last year of 24,700 jobs and a 2.7 percentage point increase in the employment index.

One of the industries which contributed to the overall month to month increase was lumber and wood products, which gained 3,000 people. However, this was due in large part to workers returning to their jobs after being on strike during July. The other area of durable goods manufacturing which showed an increase was transportation equipment, which gained 1,200 over the month. Over half of this increase was due to people returning to work after a July layoff. Increased activity in the shipbuilding and repair sector added another 450 workers.

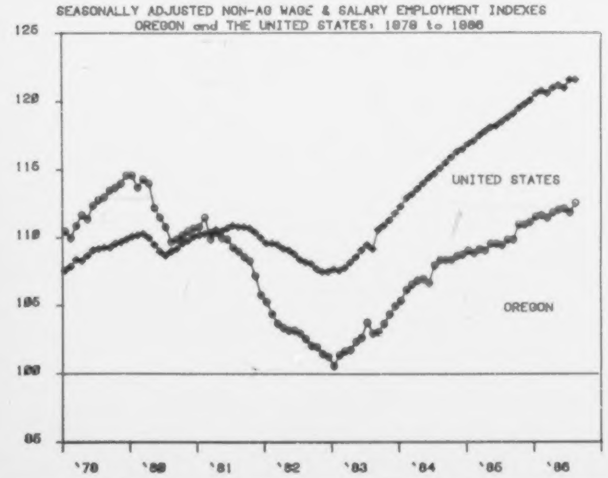
In the nondurable goods sector, canning and preserving showed the largest month to month gain with 5,500. This is not usual at this time of year with agricultural harvests being under way. However, when this figure is seasonally adjusted the increase is 800 larger than normal.

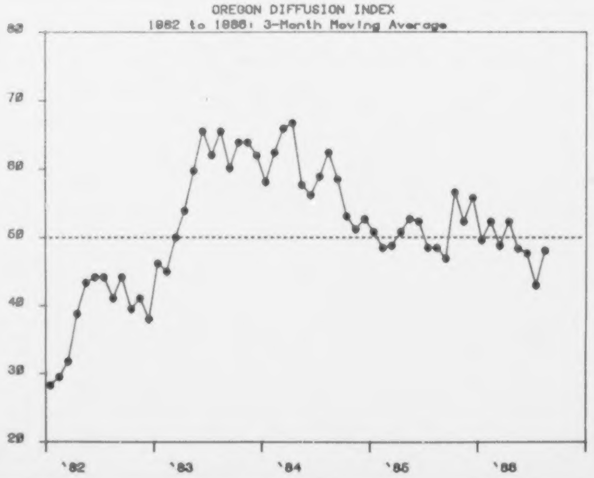
Construction showed a seasonal increase of 900 workers. Most of this reflected gains by nonresidential general building contractors where hiring tends to fluctuate from month to month depending on short term contracts. Heavy construction, by contrast, stayed fairly level and didn't exhibit the growth it has shown the last several years as highway contracts ease off and the light rail project in Portland was completed.

Wholesale trade showed a monthly increase of 700, mostly due to a seasonal pickup among produce distributors. Other retail trade also showed a month to month increase as well as annual improvement. Most of the monthly gain can be attributed to eating and drinking places which are benefiting from a strong tourist season.

Government also showed an increase. This was due mainly to the fire fighters which the federal government hired to combat forest fires in Eastern Oregon during August. Also, state government hired more people temporarily to work on the Oregon State Fair.

On the down side, instruments and related products showed a month to month loss of 600 people and a yearly loss of 2,000. This is part of an ongoing problem in the test instruments industry





which has been brought about by the slowdown in the electronics industry throughout the U.S. over the last couple of years.

Communications also continued a downward trend with a drop of 700 over the past year as telephone companies reduce their employment in an effort to trim costs. The monthly decrease of 300 was probably due to the completion of several short term projects.

Other services, which has shown strong growth over the last year (+9,200), fell by 400 between July and August. The decline was due to a strike in a business services company and the usual summer slowdown in private education.

The education portion of state and local government also showed a normal decline in employment due to summer vacation.□

MIGRATION OF UI CLAIMANTS

Rick Hawes

As Table 1 indicates, the number of Oregonians leaving Oregon and filing unemployment claims in other states has decreased since the peak exodus year of 1982, but the numbers do not support the establishment of a trend away from out-migration, i.e. leaving Oregon in search of employment. The number of claimants coming to Oregon from other states increased sharply in 1980, but this total has fallen markedly since then and continues to decline. Since 1982, the number of individuals leaving Oregon and filing for unemployment insurance has exceeded the number of claimants entering the State, reversing a trend established in 1957.

The recession of 1981-82 is the chief cause of the reversal of the net positive in-migration trend. During this period, many Oregon jobs were lost permanently, encouraging Oregonians to leave the State in search of better employment opportunities, and discouraging others from entering. The lingering effects of the recession and the slow recovery of the Oregon economy continue to limit employment prospects here. The trend to net out-migration of UI claimants is likely to continue until this State's economy has adjusted and begins to produce many more new jobs.

TABLE 1
MIGRATION OF UNEMPLOYMENT INSURANCE CLAIMANTS
1978 - 1986

	Leaving Oregon	Entering Oregon	Net Change
1978	18,455	32,111	13,656
1979	22,604	31,622	9,018
1980	30,262	36,026	5,764
1981	33,994	34,352	358
1982	35,455	31,680	- 3,775
1983	27,266	27,212	- 54
1984	24,374	21,721	- 2,653
1985	25,762	21,408	- 4,354
Jan-Mar	6,810	5,093	- 1,717
Apr-Jun	6,075	4,674	- 1,401
Jul-Sep	6,049	5,145	- 904
Oct-Dec	6,828	6,496	- 332
1986			
Jan-Mar	6,666	5,509	- 1,157
Apr-Jun	5,583	4,638	- 945

Table 2 shows that Oregon claimants were not venturing very far from the State in search of jobs in 1982, and in 1986 they are staying even closer to home. Over 72% moved to states bordering Oregon in 1986 as opposed to 68% in 1982. Surprisingly, Washington has taken the lead from California as the primary destination of migrating claimants, despite the fact that Washington's economy still is not in much better shape than Oregon's. Other states that gained as destinations are Idaho, Texas, and Montana, while Colorado, Nevada, and Utah lost some of their attraction. The influence of factors other than proximity, including previous residence, relatives or friends, climate, recreational opportunities, or job markets is difficult to determine. For example, only .2% of Oregon claimants moved to the New England states, where unemployment remains under 4%, while the proportion moving to Texas, where the economy has deteriorated substantially, increased by .5%.

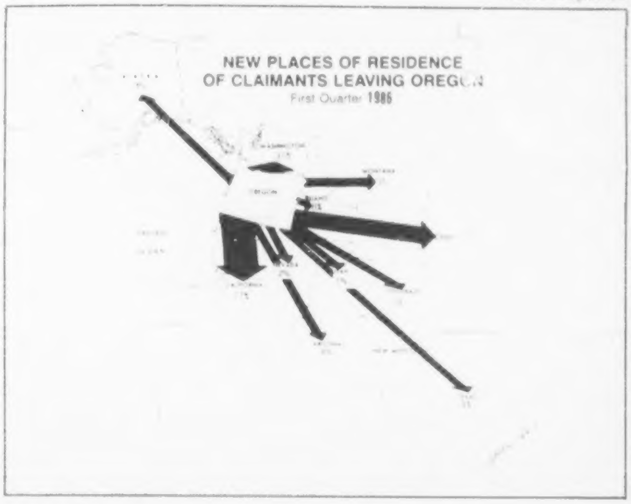


TABLE 2
NEW RESIDENCE OF U.I. CLAIMANTS
LEAVING OREGON (PERCENT)
JANUARY-MARCH

	1986	1982	Change
Washington	35.4	23.2	12.2
California	26.5	36.3	- 9.8
Idaho	8.4	6.6	1.8
Arizona	4.0	3.9	0.1
Texas	3.8	3.3	0.5
Alaska	2.6	2.7	- 0.1
Montana	2.6	2.2	0.4
Nevada	1.8	2.3	- 0.5
Colorado	1.1	2.6	- 1.5
Utah	0.8	1.3	- 0.5
All Other	13.0	15.6	- 2.6

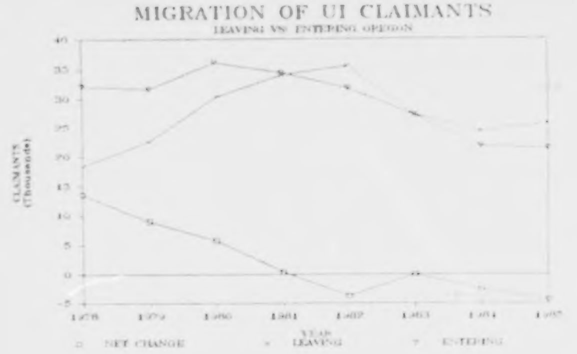


Table 3 displays the occupational distribution of Oregon claimants leaving the State in 1986 and 1982. The percentages of clerical, sales, and structural workers leaving continue to lead the list and remain relatively unchanged, as are the percentages for farming, fishing and forestry, processing, machine trades, and benchwork occupations. The percentage of professional, technical, and managerial workers leaving the State has increased by 3.2% over 1982, while the proportion of service workers has decreased by 6.8%. From this it would appear that opportunities in the professional, technical, and managerial category are harder to come by, while positions for service workers are more plentiful. This seems to be in line with continuing efforts to streamline operations and cut costs within many industries including government, and the continuing shift away from a manufacturing to a service-based economy.

TABLE 3
OCCUPATIONS OF CLAIMANTS LEAVING OREGON
January-March

	1986	1982
Total	100%	100%
Prof., Tech., Mgr.	14.9%	11.7%
Clerical & Sales	20.5%	19.5%
Service	9.1%	15.9%
Farming, Fishing, Forestry	5.4	6.2%
Processing	3.3%	3.6%
Machine Trades	8.1%	7.4%
Benchwork	4.0%	5.9%
Structural Work	16.7%	17.6%
Miscellaneous	18.0%	12.2%

□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	July 2/ 1986	June 3/ 1986	July 1985	July 2/ 1986	June 3/ 1986	July 1985	July 2/ 1986	June 3/ 1986	July 1985
TOTAL MANUFACTURING 4/	$403.01	$418.56	$389.92	38.2	38.9	37.1	$10.55	$10.76	$10.51
Durable Goods	411.38	432.04	399.38	38.7	39.6	37.5	10.63	10.91	10.65
Lumber & Wood Products	410.78	442.33	411.44	38.0	39.6	36.9	10.81	11.17	11.15
Logging & Sawmills	446.22	485.21	438.12	38.5	40.1	36.0	11.59	12.10	12.17
Veneer & Plywood	379.34	412.83	410.34	36.3	38.8	38.1	10.45	10.64	10.77
Millwork & Struct Wood	357.63	364.17	319.98	39.3	39.8	37.6	9.10	9.15	8.51
Mobile Homes	314.76	318.40	287.93	36.9	36.1	34.4	8.53	8.82	8.37
Other Wood Products	411.09	414.36	422.14	38.6	39.5	39.9	10.65	10.49	10.58
Furniture & Fixtures	310.08	295.60	278.74	39.4	39.1	36.2	7.87	7.56	7.70
Primary Metals	457.83	483.[illegible]8	488.74	37.9	40.4	39.8	12.08	11.96	12.28
Fabricated Metals	430.32	421.61	375.67	41.1	40.5	38.1	10.47	10.41	9.86
Machinery	413.18	448.34	410.50	38.4	40.5	38.4	10.76	11.07	10.69
Nondurable Goods	381.18	383.99	365.69	36.9	37.1	36.1	10.33	10.35	10.13
Food & Kindred Products	311.95	314.86	299.93	36.4	36.4	35.5	8.57	8.65	8.45
Canning & Preserving	260.59	256.52	238.48	35.6	34.9	33.4	7.32	7.35	7.14
Other Food Products	409.75	421.89	423.32	37.8	39.1	39.6	10.84	10.79	10.69
Textile Mill Products	219.30	220.40	172.58	34.0	34.6	28.2	6.45	6.37	6.12
Apparel	157.64	218.74	138.57	28.1	37.2	25.9	5.61	5.88	5.35
Paper & Allied Products	637.26	612.40	622.58	41.3	40.0	41.7	15.43	15.31	14.93
Printing & Publishing	397.86	412.06	373.30	34.9	35.8	33.6	11.40	11.51	11.11
Construction 4/	479.36	482.90	513.47	35.8	36.5	37.7	13.39	13.23	13.62
Communications & Utilities 5/	512.91	514.49	502.66	41.0	40.8	41.0	12.51	12.61	12.26
Trade 5/	289.40	291.13	291.72	34.7	34.7	34.0	8.34	8.39	8.58
Wholesale Trade	381.38	390.64	397.76	37.5	38.0	38.1	10.17	10.28	10.44
Retail Trade	244.09	243.62	241.71	33.3	33.1	32.1	7.33	7.36	7.53
Banking & Insurance	301.42	311.09	282.34						
State & Local Government	378.70	342.32	362.57						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

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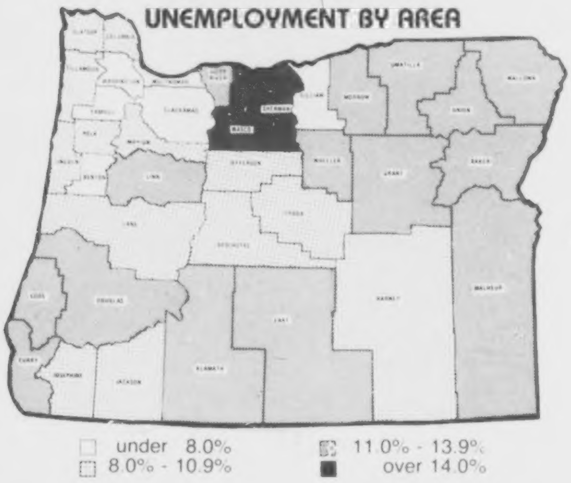
1985 ANNUAL AVERAGE UNEMPLOYMENT BY AREA



Local Area Unemployment Rates

	1985 Rank	1985	1984	Change
Oregon	--	8.8%	9.4%	-0.6
Wasco-Sherman	1	15.0	12.3	+2.7
Baker	2	13.4	14.5	-1.1
Wallowa	3	13.3	13.3	0.0
Hood River	4	13.2	12.9	+0.3
Coos	5	13.1	14.4	-1.3
Wheeler	6	13.1	9.8	+3.3
Linn	7	12.9	12.5	+0.4
Grant	8	12.4	12.6	-0.2
Union	9	12.0	12.2	-0.2
Klamath	10	11.8	11.8	0.0
Morrow	11	11.8	11.4	+0.4
Curry	12	11.7	11.6	+0.1
Douglas	13	11.5	11.6	-0.1
Umatilla	14	11.5	11.6	-0.1
Lake	15	11.2	10.7	+0.5
Malheur	16	11.2	9.9	+1.3
Deschutes	17	10.9	11.9	-1.0
Tillamook	18	10.9	12.1	-1.2
Harney	19	10.8	11.7	-0.9
Josephine	20	10.3	12.1	-1.8
Lincoln	21	10.2	10.2	0.0
Jefferson	22	9.9	12.5	-2.6
Columbia	23	9.7	9.5	+0.2
Medford MSA (Jackson Co.)	24	9.4	10.1	-0.7
Crook	25	9.0	10.2	-1.2
Eugene/Springfield MSA	26	8.7	9.2	-0.5
Clatsop	27	8.3	10.7	-2.4
Salem MSA	28	8.2	9.1	-0.9
Portland PMSA	29	7.4	8.0	-0.6
Benton	30	5.3	5.3	0.0
Gilliam	31	5.2	5.9	-0.7

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

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